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or by calling 669-900-9128, Meeting ID# 93378173287

**San Mateo County Flood & Sea Level Rise
Resiliency District
BOARD OF DIRECTORS**

County Supervisors:

District 3 Don Horsley
At-Large Dave Pine - **Chair**

City Representatives:

North Donna Colson
Central Diane Papan
South Lisa Gauthier
Coast Debbie Ruddock – **Vice Chair**
At-Large Maryann Moise Derwin

AGENDA

December 13, 2021

4:00 PM

1. Roll Call

2. Public Comment Persons wishing to address the Board on District-related matters not on this Agenda may speak for up to two minutes; comments on Agenda items shall be heard during that item for up to two minutes.

3. Action to Set the Agenda and Approve the Consent Agenda

- A. Adopt Resolution 2021-12-13-A to continue conducting meetings of the Board of Directors remotely due to public health concerns caused by the COVID-19 pandemic
- B. Approve the Minutes of September 27, 2021, October 25, 2021, and November 15, 2021 District Board meetings
- C. Accept the District's Audited Financial Statements for July 1, 2020 – June 30, 2021 and authorize the Chief Executive Officer, or Designee, to transmit the Audit to appropriate governmental agencies
- D. Approve the 2022 Schedule of Regular meetings of the Board of Directors

4. Regular Business

- A. Receive an update regarding the Bayfront Canal and Atherton Channel Project, including change orders to the construction contract that were approved by the CEO
- B. Discuss the status of and plan for the State Budget appropriation to the District

5. Chair's Report *

6. CEO's Report

The new City of Burlingame Zoning Ordinance section with requirements related to sea level rise (attached)

7. Board Member Reports and Items for a Future Agenda *

8. Adjournment

* There is no written staff report for this item

Meeting information, and public access and communications

- During the meeting, public comment can be submitted at the appropriate time via Zoom Chat or by raising your hand, speaking if joining by phone, or email to board@OneShoreline.org prior to 12:00 pm on the meeting day; please indicate the agenda item to which your comment applies and it will be read or summarized at the meeting by the Board Clerk.
- If you require assistance to participate in the meeting or wish to submit written communication to all Board Members regarding the meeting, please contact the Clerk of the Board by 9:00 am on the day of the meeting.
- Public records relating to an open session item on the agenda are available at least 72 hours prior to a Regular Board meeting or at least 24 hours prior to a Special Board meeting, when these records are distributed to Board members. Public records are available at the District office at 1700 South El Camino Real, Suite 502, San Mateo, CA 94402 and at OneShoreline.org. To receive these documents electronically, please email board@OneShoreline.org.

**San Mateo County Flood and Sea Level Rise Resiliency District
Agenda Report**

Date: December 13, 2021
To: San Mateo County Flood and Sea Level Rise Resiliency District Board of Directors
From: Len Materman, CEO
Subject: Continued remote meetings due to public health concerns caused by the COVID-19 pandemic

Recommendation

That the San Mateo County Flood and Sea Level Rise Resiliency District (“District”) Board of Directors (“Board”) adopt Resolution 2021-12-13 finding that the COVID-19 pandemic state of emergency continues to present imminent risks to the health or safety of attendees and continues to directly impact the ability of the Board to meet safely in person.

Background and Discussion

Assembly Bill 361 (“AB 361”) sets forth remote meeting requirements and procedures for local legislative bodies during a proclaimed state of emergency. Specifically, AB 361 allows a local legislative body to continue holding remote meetings between October 1, 2021 and January 1, 2024 under the following circumstances:

- Automatically whenever the legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; or
- When the legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or
- When the legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

If the state of emergency remains in place, the Board must make similar findings by majority vote *every 30 days* in order to continue holding remote meetings.

Once the Board complies with AB 361, the following Brown Act rules for remote meetings are suspended: that the Board makes available a physical location to observe the meeting or to make a public comment, and each teleconference location has posted notices or agendas, is accessible to the public, and is identified by address on the agenda. In addition, the following procedures apply to the remote meetings:

- AB 361 forbids agencies from requiring public comment to be submitted in advance (for example via email) and requires an opportunity to address the public/Board in real-time.
- AB 361 regulates, for the first time, the rules and procedures for opening and closing a public comment period for agenda items. Specifically, a reasonable time for indicating a desire to comment (i.e., to use the “raise hand” feature in Zoom) must be provided.
- AB 361 prohibits agencies from taking action on agenda items when there is a disruption or technical failure on the agency’s end which prevents the public from making comments during the meeting until public access is restored, and creates a cause of action to challenge actions taken while access is unavailable.
- Notwithstanding Brown Act prohibitions on requiring attendees to register their names as a condition of meeting attendance, AB 361 expressly authorizes agencies to use third-party teleconference platforms that require registration (i.e., Zoom requiring an attendee to include their email).

At its meetings on October 25, 2021 and November 15, 2021, the Board adopted, by unanimous vote, resolutions finding that, as a result of the continuing COVID-19 state of emergency, meeting in person would present imminent risks to the health or safety of attendees and directed staff to return to the Board at a public meeting in no later than 30 days for it to reconsider whether to make the findings required by AB 361 to continue meeting remotely under its provisions. Current circumstances are more concerning than those in existence last month.

The Delta variant of COVID-19, which causes more infections and spreads faster than prior variants of the virus, continues to be the predominant circulating variant in the United States. In addition, on November 30, 2021, the Omicron variant of COVID-19 was classified as a Variant of Concern in the United States and the Centers for Disease Control and Prevention has been collaborating with global public health and industry partners to learn more about Omicron, including how easily it spreads and the severity of illness it causes. Thus, reducing the circumstances under which individuals come into close contact with each other indoors remains a vital component of the strategy to reduce the spread of COVID-19.

The Board found last month, and it continues to be the case, that indoor public meetings of the Board and its committees (collectively, “Legislative Bodies”) pose particularly high risks for transmission of COVID-19, as such meetings would bring together residents from across the county and the open nature of public meetings makes it difficult to enforce compliance with vaccination, physical distancing, masking, and other safety measures essential to enabling that all residents — including those who are unvaccinated or with compromised immune systems — can safely participate.

Therefore, it is recommended that the Board adopt findings to confirm that the Board has reconsidered the circumstances of the state of emergency caused by the spread of COVID-19; that the state of emergency caused by the spread of COVID-19 continues to directly impact the ability of the Legislative Bodies to meet safely in person; and that conducting in-person meetings at the present time would present an imminent risk to the health and safety of attendees. A resolution to that effect, which also directs staff to return within 30 days to afford the Board the opportunity to reconsider such findings, is included with this Report.

Impact on District Resources: There is no impact on District resources associated with this item.

Attachment: Draft Resolution 2021-12-13



DRAFT RESOLUTION NO. 2021-12-13

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
FINDING THAT THE COVID-19 PANDEMIC STATE OF EMERGENCY CONTINUES TO PRESENT
IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES AND CONTINUES TO
DIRECTLY IMPACT THE ABILITY OF THE BOARD OF DIRECTORS TO MEET SAFELY IN PERSON**

RESOLVED by the Board of Directors (“Board”) of the San Mateo County Flood and Sea Level Rise Resiliency District (“District”) that:

WHEREAS, on March 4, 2020, pursuant to Government Code Section 8550, *et seq.*, Governor Newsom proclaimed a state of emergency related to the COVID-19 novel coronavirus (“COVID-19”) and, subsequently, the San Mateo County Board of Supervisors declared a local emergency related to COVID-19, and the proclamation by the Governor and declaration by the Board of Supervisors remain in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions in the California Open Meeting Law, codified at Government Code Section 54950, *et seq.* (the “Brown Act”), related to teleconferencing by local agency legislative bodies, provided that certain requirements were met and followed; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended certain provisions of Executive Order N-29-20 that waive otherwise applicable Brown Act requirements related to remote/teleconference meetings by local agency legislative bodies through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed into law Assembly Bill 361 (“AB 361”) which provides that a local agency legislative body may continue to meet remotely without complying with otherwise applicable requirements in the Brown Act related to remote/teleconference meetings, provided that a state of emergency has been proclaimed and the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body makes similar findings at least every 30 days during the term of the proclaimed state of emergency; and

WHEREAS, the Delta variant of COVID-19, which causes more infections and spreads faster than prior variants of the virus, continues to be the predominant variant in the United States, and on November 30, 2021, the Omicron variant of COVID-19 was classified as a Variant of Concern in the United States and the Centers for Disease Control and Prevention has been collaborating with global public health and industry partners to learn more about Omicron, including how easily it spreads and the severity of illness it causes; and

WHEREAS, the District Board has an important interest in protecting the health and safety of those who participate in its meetings; and

WHEREAS, the COVID-19 pandemic has informed legislative bodies about the unique advantages of remote public meetings, as well as the unique challenges, which are frequently surmountable; and

WHEREAS, at its meetings on October 25, 2021 and November 15, 2021, the Board adopted, by unanimous vote, resolutions finding that, as a result of the continuing COVID-19 state of emergency, meeting in person would present imminent risks to the health or safety of attendees and directed staff to return to the Board at a public meeting in no later than 30 days for it to reconsider whether to make the findings required by AB 361 in order to continue meeting remotely under its provisions; and

WHEREAS, this Board has reconsidered the circumstances of the state of emergency and finds that the state of emergency continues to impact the ability of the Board to conduct its meetings in person because there is a continuing threat of COVID-19 to the community and that in-person meetings of the Board and its committees (collectively, “Legislative Bodies”) pose risks to the health or safety of participants through person-to-person contact and make it difficult for those who are immuno-compromised or unvaccinated to be able to safely participate, and it is challenging to ascertain and ensure compliance with vaccination and other safety recommendations at such meetings; and

WHEREAS, in the interest of public health and safety, as affected by the state of emergency caused by the spread of COVID-19, the Board finds that this state of emergency continues to directly impact the ability of the Legislative Bodies to meet safely in person and that meeting in person would present imminent risks to the health or safety of attendees, and the Board will therefore continue to invoke the provisions of AB 361 related to teleconferencing for meetings of the Legislative Bodies.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that:

1. The above recitals are true and correct.
2. The Board has reconsidered the circumstances of the state of emergency caused by the spread of COVID-19.
3. The Board finds that the state of emergency caused by the spread of COVID-19 continues to directly impact the ability of the Legislative Bodies to meet safely in person.
4. The Board further finds that meeting in person would continue to present imminent risks to the health or safety of meeting attendees and directs staff to continue to agendize public meetings of the Legislative Bodies only as online teleconference/remote meetings.
5. Staff is directed to return to the Board in a public meeting no later than 30 days after the date of adoption of this resolution with an item for the Board to reconsider whether to make the findings required by AB 361 to continue meeting remotely under its provisions.

PASSED AND ADOPTED this 13th day of December 2021, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

APPROVED:

Clerk of the Board of Directors

Chair of the Board of Directors

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Board of Directors meeting held remotely via Zoom
September 27, 2021
DRAFT - MINUTES

1. Roll Call

Chair Pine called the meeting to order at 4:01 p.m. via Zoom video conference software. Interim Clerk of the Board Sukhmani Purewal took the roll call.

Directors Present:

Dave Pine, Representing Board of Supervisors, At Large (Chair)
Debbie Ruddock, Representing Pacific Coastsides San Mateo County Cities (Vice Chair)
Donna Colson, Representing Northern San Mateo County cities
Maryann Moise Derwin, Representing San Mateo County cities at-large
Don Horsley, Representing Board of Supervisors, District 3

Director(s) Absent:

Lisa Gauthier, Representing Southern San Mateo County cities
Diane Papan, Representing Central San Mateo County cities

Staff Present:

Len Materman, Chief Executive Officer
Brian Kulich, Esq., Legal Counsel
Colin Martorana, Project Manager
Lucy Dong, Finance Manager
Makena Wong, Associate Project Manager
Sukhmani Purewal, Interim Clerk of the Board

2. Public Comment

None

3. Action to Set the Agenda

Public Speaker(s): None

Motion made by Director Horsley and seconded by Director Colson to set the agenda:

Ayes: Colson, Derwin, Horsley, Pine, Ruddock

Absent: Gauthier and Papan

Vote: 5-0-2

4. Regular Business

- A. Approve District's response to the San Mateo County Civil Grand Jury Report titled "San Mateo County: California's Ground Zero for Sea Level Rise" released on August 11, 2021

Mr. Materman provided the Board with District's responses to several findings.

Other speakers on this item: Donna Colson, Debbie Ruddock, and Dave Pine.

Public Speaker(s): None

Motion made by Director Derwin and seconded by Director Ruddock to approve District's response to the San Mateo County Civil Grand Jury Report with potential minor modifications discussed during the meeting.

Ayes: Colson, Derwin, Horsley, Pine, Ruddock

Absent: Gauthier and Papan

Vote: 5-0-2

B. Discuss Assembly Bill 361 regarding Brown Act compliance during COVID emergency

Mr. Materman provided a brief summary on AB 361, which modifies remote meeting procedures for local legislative bodies during a state of emergency so that, as a result of the emergency, meeting in person would present imminent risks to the health and safety of attendees. If the Board wishes to continue holding remote meetings, it must vote every 30 days to continue holding remote hearings. For the October Board meeting, this will be an action item.

Other speakers on this item: Brian Kulich

Public Speaker(s): None

Director Lisa Gauthier joined the virtual meeting between 4:40pm and 4:50pm.

C. Presentation by the San Mateo Resource Conservation District on the mission and activities of the RCD

Mr. Materman and his staff have been in touch with RCD on several areas of collaboration, which include: 1. Coastside outreach on wildfire and sea level rise; 2. Analysis of two Coastside early warning stream monitoring stations within the Pescadero and Butano watersheds; and 3. Addressing debris flow, landslide, and flood risk in priority areas associated with the 2020 CZU fire.

RCD Executive Director Kellyx Nelson made a presentation on the work of the RCD.

Other speakers: Dave Pine, Maryann Derwin, Debbie Ruddock, Don Horsley, Lisa Gauthier.

Public Speaker(s): Mark Hubbell and Millbrae Mayor Ann Schneider

5. **Chair's Report**

Director Dave Pine talked about the revenue measure work currently being worked on by the ad hoc Board committee.

Public Speaker(s): None

6. **CEO's Report**

Mr. Len Materman provided updates on the following:

- Bayfront Canal and Atherton Channel Project
- State budget appropriation for climate resilience
- City of Burlingame Bayside zoning ordinances to protect against future conditions.

Public Speaker(s): None

7. **Board Members Reports and Items for a Future Agenda**

None

8. **Adjournment**

The meeting adjourned at 5:31 p.m.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Board of Directors meeting held remotely via Zoom
October 25, 2021
DRAFT - MINUTES

1. Roll Call

Chair Pine called the meeting to order at 4:02 p.m. via Zoom video conference software. Interim Clerk of the Board Sukhmani Purewal took the roll call.

Directors Present:

Dave Pine, Representing Board of Supervisors, At Large (Chair)
Debbie Ruddock, Representing Pacific Coastside San Mateo County Cities (Vice Chair)
Don Horsley, Representing Board of Supervisors, District 3
Diane Papan, Representing Central San Mateo County cities

Director(s) Absent:

Donna Colson, Representing Northern San Mateo County cities
Maryann Moise Derwin, Representing San Mateo County cities at-large
Lisa Gauthier, Representing Southern San Mateo County cities

Staff Present:

Len Materman, Chief Executive Officer
Brian Kulich, Esq., Legal Counsel
Colin Martorana, Project Manager
Lucy Dong, Finance Manager
Makena Wong, Associate Project Manager
Sukhmani Purewal, Assistant Clerk of the Board of Supervisors

2. Public Comment

None

3. Action to Set the Agenda and Approval the Consent Agenda

- A. Approve the Minutes of the August 23, 2021, District Board Meeting
- B. Adopt Resolution 2021-10-25 to continue conducting meetings of the Board of Directors remotely due to public health concerns caused by the COVID-19 pandemic

Public Speaker(s): None

Motion made by Director Horsley and seconded by Director Ruddock to set the agenda and approve consent agenda:

Ayes: Horsley, Papan, Pine and Ruddock

Noes: None

Absent: Colson, Derwin, and Gauthier.

Vote: 4-0-3

4. Regular Business

- A. Authorize the CEO to execute a grant agreement with San Mateo County for \$1,000,000 through June 30, 2023.

Mr. Materman described the plan for the grant worked out with County staff: \$100,000 upon execution of the agreement and three payments of \$300,000 – the first after 6 months, the second after 12 months, and the third and final payment

after 18 months, based on the District reporting on objectives related to construction of the Bayfront Canal and Atherton Channel Project; conducting design and CEQA on at least one multi-jurisdictional project to protect Bayside communities from SLR, and a study of long-term solutions to reduce SLR and erosion impacts facing 3 miles of Pacific Coast in the Pillar Point Harbor area.

Director Colson joined the virtual meeting at 4:16 p.m.

Other speakers on this item: Diane Papan and Dave Pine

Public Speaker(s): None

Motion made by Director Papan and seconded by Director Ruddock to authorize the CEO to execute a grant agreement with San Mateo County:

Ayes: Colson, Horsley, Papan, Pine and Ruddock

Noes: None

Absent: Derwin and Gauthier.

Vote: 5-0-2

- B. Update regarding planning and zoning of cities along San Francisco Bay to build resilience to future conditions brought by climate change

Mr. Materman gave a presentation the District's work with the City of Burlingame to make it the first city in the Bay Area to incorporate into its zoning ordinance requirements to achieve SLR protection.

Director Gauthier joined the virtual meeting at 4:231 p.m.

Other speakers on this item: Donna Colson, Debbie Ruddock, Diane Papan, Don Horsley and Lisa Gauthier.

Public Speaker(s): Jeff Poetsch

5. **Chair's Report**

Director Dave Pine mentioned that the County is in the process of sending a mailer to County residents concerning wildfire, sea level rise, and flooding risks.

Director Pine mentioned that the current terms of four Board members will expire soon.

Public Speaker(s): None

6. **CEO's Report**

Mr. Materman discussed the Oct. 24 storm and flooding, District recruitment for another Project Manager, and outreach, including the conclusion of the series of Climate Risk and Resilience Forums with the League of Women Voters

Public Speaker(s): None

7. **Board Members Reports and Items for a Future Agenda***

Director Gauthier mentioned that "Save the Bay" will be having a forum on November 16, 2021, from 5 p.m. - 6:30 p.m.

8. **Adjournment**

The meeting adjourned at 5:02 p.m.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Board of Directors meeting held remotely via Zoom
November 15, 2021
DRAFT - MINUTES

1. Roll Call

Director Don Horsley called the meeting to order at 4:01 p.m. via Zoom video conference software. Interim Clerk of the Board Sukhmani Purewal took the roll call.

Directors Present:

Donna Colson, Representing Northern San Mateo County cities
Maryann Moise Derwin, Representing San Mateo County cities at-large
Lisa Gauthier, Representing Southern San Mateo County cities
Don Horsley, Representing Board of Supervisors, District 3
Diane Papan, Representing Central San Mateo County cities

Director(s) Absent:

Dave Pine, Representing Board of Supervisors, At Large (Chair)
Debbie Ruddock, Representing Pacific Coastside San Mateo County Cities (Vice Chair)

Staff Present:

Len Materman, Chief Executive Officer
Brian Kulich, Esq., Legal Counsel
Colin Martorana, Project Manager
Lucy Dong, Finance Manager
Makena Wong, Associate Project Manager
Sukhmani Purewal, Assistant Clerk of the Board of Supervisors

2. Public Comment

None

Chair Dave Pine joined the virtual meeting at 4:03 p.m.

3. Action to Set the Agenda and Approval the Consent Agenda

- A. Adopt Resolution 2021-11-15-A to continue conducting meetings of the Board of Directors remotely due to public health concerns caused by the COVID-19 pandemic

Public Speaker(s): None

Motion made by Director Papan and seconded by Director Gauthier to set the agenda and approve consent agenda:

Ayes: Colson, Derwin, Gauthier, Horsley, Papan, and Pine

Noes: None

Absent: Ruddock

Vote: 6-0-1

4. Regular Business

- A. Adopt Resolution 2021-11-15-B to adopt the 2021 San Mateo County Multijurisdictional Local Hazard Mitigation Plan

Mr. Materman gave an overview on the Local Hazard Mitigation Plan and mentioned that it has two primary objectives: 1. Assess vulnerabilities throughout the County to natural and human-caused hazards; and 2. Identify mitigation actions that Planning Partners (the District, County, 20 Cities/Towns and Special Districts) may pursue in order to reduce the impacts of these hazards. This plan is subject to approval by FEMA and Cal OES.

Other speakers on this item: Dave Pine, Don Horsley, and Makena Wong

Public Speaker(s): Michael Barber

Motion made by Director Horsley and seconded by Director Gauthier to adopt the 2021 San Mateo County Multijurisdictional Local Hazard Mitigation Plan:

Ayes: Colson, Derwin, Gauthier, Horsley, Papan, and Pine

Noes: None

Absent: Ruddock

Vote: 6-0-1

5. Chair's Report

Chair Dave Pine mentioned that the County Board of Supervisors recently approved appropriating \$1 million in Measure K funds to the District.

Public Speaker(s): None

6. CEO's Report

Mr. Len Materman provided report on the following:

- Update on the Bayfront Canal and Atherton Channel Project
- City of Burlingame Zoning Ordinance
- State Budget \$8M appropriation to the District
- Twin Pines Park projects to restore creek and build an underground regional stormwater project.
- Next District Board meeting is scheduled for December 13, 2021 at 4 p.m.

Other speakers on this item: Don Horsley, Dave Pine, Lisa Gauthier, and Diane Papan.

Public Speaker(s): None

7. Board Members Reports and Items for a Future Agenda*

None

8. Adjournment

The meeting adjourned at 4:35 p.m.

San Mateo County Flood and Sea Level Rise Resiliency District
Agenda Report

Date: December 13, 2021

To: San Mateo County Flood and Sea Level Rise Resiliency District Board of Directors

From: Len Materman, CEO

Subject: Accept the District's Audited Financial Statements for July 1, 2020 – June 30, 2021 (attached) and authorize the CEO, or Designee, to transmit the Audit to appropriate governmental agencies

Recommendation:

That the Board of Directors (Board) accept the San Mateo County Flood and Sea Level Rise Resiliency District (District) Audited Financial Statements for July 1, 2020 – June 30, 2021 and authorize the CEO, or Designee, to transmit the Audit to appropriate governmental agencies and otherwise make it publicly available.

Background and Discussion:

The California Government Code requires the San Mateo County Flood and Sea Level Rise Resiliency District ("District"), as an independent special district, to conduct an annual audit of its financial statements performed by an independent certified public accountant. In June 2020, after a review and evaluation of proposals and approval by the District Board, the District engaged Macias Gini & O'Connell LLP (MGO) to provide professional auditing services for a three-year term.

The work by District Finance Manager Lucy Dong and MGO staff to develop Audited Financial Statements for the fiscal year that ended June 30, 2021 began in July and concluded in November 2021. This Audit was based on the financial data from the District's independent fund accounting system that was established on July 1, 2020 when the District separated its financial operations and fund balance from the County of San Mateo. The outcome of this effort, including the attached Independent Auditor's Reports, Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information, was described in a presentation by MGO at the November 18, 2021 meeting of the Board Finance Committee, which has recommended that the full Board accept the Audit.

Some of the highlights of the audit include:

- A clean and unmodified opinion -- there were no material weaknesses, significant unusual transactions, difficulties, or disagreements with management reported by the independent auditor;
- District assets, including funds and capital infrastructure, totaled over \$66.2 million, while District liabilities totaled almost \$18.7 million, resulting in a Net Position on June 30, 2021, of approximately \$47.5 million, an increase of \$4.3 million from the prior fiscal year; and
- As compared to the previous audit, which covered only the first six months of District operations between January 1, 2020 and June 30, 2020, the FY2021 audit includes a greater level of revenue and expenses. Revenues during this period totaled almost \$8.1 million, including almost \$2.3 million from local agency contributions and grants, \$5.8 million from property taxes, and an unrealized loss of \$0.23 million as of June 30, 2021 related to the market value of our investments. Expenses during this period totaled \$3.7 million, including \$2.3 million for District operations, consultants and capital projects, \$0.8 million depreciation of District built capital assets, and \$0.6 million interest expense on long-term liabilities.

Attached are the Audited Financial Statements. As an independent special district within California, the District is required to submit these documents to the State and San Mateo County and make them publicly available, including by adding them to our website. Thus, staff recommends that the Board authorize staff to take these actions.

Impact on District Resources: There is no fiscal impact associated with accepting the Audited Financial Statements.

Attachment: Audited Financial Statements (including the Independent Auditor's Reports, Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information) for the year ended June 30, 2021

**San Mateo County
Flood and Sea Level Rise
Resiliency District**

**Independent Auditor's Reports,
Basic Financial Statements,
Required Supplementary Information, and
Other Supplementary Information**

For the Year Ended June 30, 2021

San Mateo, California

**SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
For the Year Ended June 30, 2021**

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SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT

Awards and Achievements

Commendation
THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY, STATE OF CALIFORNIA
COMMENTS AND HONORS

SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
2020 MAYOR'S AWARD

UPON BEING RECOGNIZED BY THE SAN MATEO AREA CHAMBER OF COMMERCE AND THE CITY OF SAN MATEO AS AN EMERGING LOCAL BUSINESS THAT DEMONSTRATES CIVIC LEADERSHIP AND FOR INVALUABLE CONTRIBUTIONS AND COMMITMENT TO THE CHAMBER'S MISSION AND GOALS, THE BOARD HEREBY EXTENDS ITS SINCERE WISHES FOR CONTINUED SUCCESS AND SERVICE TO THE COMMUNITY.

DATE: February 13, 2020




Maura Locum, President


Don Horsley


Carole Grosh


David J. Caneja



In Recognition of

San Mateo County Flood and Sea Level Rise Resiliency District

Congratulations on your receipt of the Mayor's Award. The creation of this district will allow residents of San Mateo County to partner with federal and state agencies over the coming decades to meet the challenge of sea level rise and related flooding. San Mateo County is leading the way in firming new tools for our most significant challenges. The district, coupled with community engagement, will be the sharpest tool in the toolbox. Good luck in the years ahead.


Congresswoman Jackie Speier
U.S. House of Representatives

February 13, 2020

Date

S T A T E O F C A L I F O R N I A

Senate

CERTIFICATE OF RECOGNITION

Presented to

SAN MATEO COUNTY FLOOD & SEA LEVEL RISE RESILIENCY DISTRICT
MAYOR'S AWARD WINNER

Warm congratulations on the occasion of your receipt of the Mayor's Award from the San Mateo Chamber of Commerce! Your hard work has made you stand out for this honor. Best wishes for all your future endeavors.

On this 13th day of February, 2020


JERRY HILL
Senator, 13th District

C A L I F O R N I A L E G I S L A T U R E

Assembly

CERTIFICATE OF RECOGNITION

San Mateo County Flood and Sea Level Rise Resiliency District

In honor and recognition of being awarded the Mayor's Award by the San Mateo Area Chamber of Commerce. Congratulations and best wishes in your future endeavors.

February 13, 2020




Kevin Mullin, 22nd District
Speaker pro Tempore

SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT

FY2020-2021

Board of Directors



Dave Pine
Chair
District 1



Debbie Ruddock
Vice Chair
Coastside



Diane Papan
Central San Mateo
County Cities



Don Horsley
District 3



Donna Colson
Northern San Mateo
County Cities



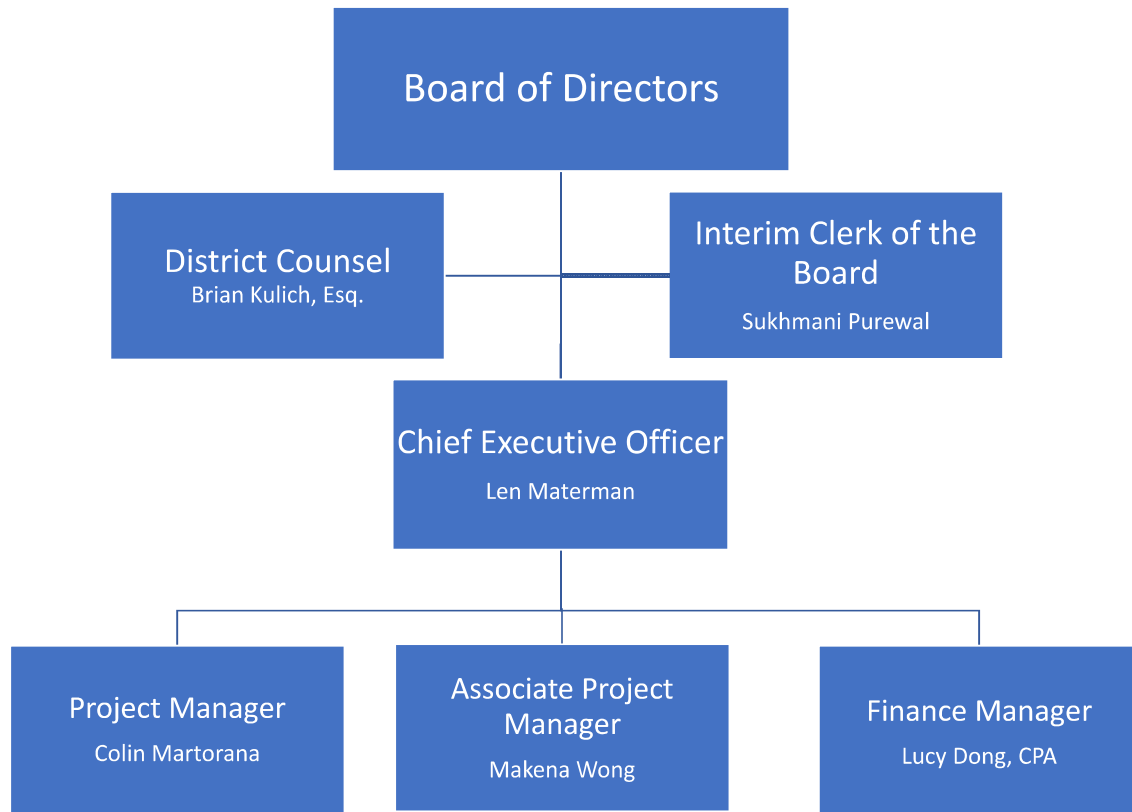
Lisa Gauthier
Southern San Mateo
County Cities



Maryann Moise Derwin
San Mateo County Cities
At-Large

SAN MATEO COUNTY FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT

Organization Chart





Independent Auditor's Report

San Mateo County
Flood and Sea Level Rise Resiliency District
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo County Flood and Sea Level Rise Resiliency District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as noted in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and the schedule of cities support are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of cities support are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of cities support are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Walnut Creek, California
November 18, 2021

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

This Management's Discussion and Analysis provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2021. The information presented here should be read in conjunction with the information furnished in the financial statements and notes to the financial statements.

Financial Highlights

Government-wide financial position

The District's assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2021 by \$47.5 million (net position):

District's Net Position
June 30, 2021

Assets:	
Current and other assets	\$ 37,990,220
Capital assets	28,218,730
Total assets	66,208,950
Liabilities:	
Long-term liabilities	17,440,087
Other liabilities	1,219,522
Total liabilities	18,659,609
Deferred inflows of resources	36,815
Net position:	
Net investment in capital assets	10,333,658
Restricted	69
Unrestricted	37,178,799
Total net position	\$ 47,512,526

The District's net position at June 30, 2021 is subdivided into the following components:

- \$10.3 million represents the District's investment in capital assets (*net investment in capital assets*). This is comprised of the net book value of capital assets at June 30, 2021 reduced by the balance of obligations pertaining to capital-related activities. These capital assets and related obligations are used to provide services to citizens and are not available for future spending.
- \$12 thousand represents resources that are subject to external restrictions on their use and are available to meet the District's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$37.2 million is available to fund the District's programs for citizens and debt obligations to creditors (*unrestricted net position*).

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

The District held \$66.2 million in total assets at June 30, 2021 which were subdivided into the following components:

- \$38.0 million in current and other assets, which are comprised of \$37.2 million in cash and investments, \$0.8 million in receivables and \$17 thousand in prepaid expenses.
- \$28.2 million in capital assets, net of accumulated depreciation.

The District held \$18.7 million in total liabilities at June 30, 2021 which were subdivided into the following components:

- \$17.4 million in long-term liabilities, which are comprised of outstanding principal and unamortized premium on the District's 2015 revenue refunding bonds as well as accrued vacation for the District's employees at June 30, 2021.
- \$0.9 million in accounts payable.
- \$0.3 million in accrued interest payable.
- \$2 thousand in unearned revenue.

Fund financial position

The District's governmental funds reported combined fund balances of \$37.1 million at June 30, 2021. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. 99.97% of the District's fund balance is available for spending at the District's discretion (assigned fund balance).

District's Fund Balance
June 30, 2021

Nonspendable	\$	16,856
Restricted		69
Assigned		37,075,128
Total fund balance	\$	37,092,053

Capital assets and debt administration

The District's capital assets balance was reported at \$28.2 million (net of accumulated depreciation). This includes land, easements, construction in progress and infrastructure. The District's capital assets as of June 30, 2021 are comprised of the followings:

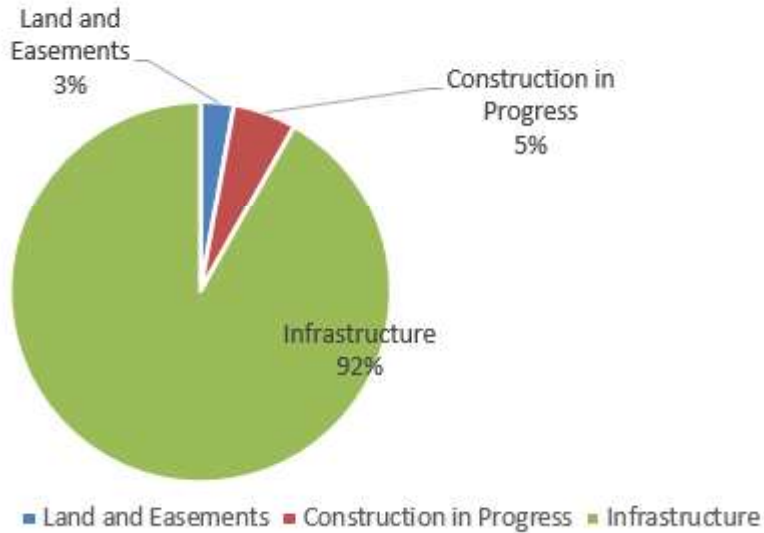
Capital Assets
Net of Accumulated Depreciation

Land	\$	702,962
Easements		92,419
Construction in progress		1,517,163
Infrastructure, net		25,906,186
Total capital assets, net	\$	28,218,730

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

The District's capital assets are comprised of and distributed as follows:

Capital Assets
(June 30, 2021)



Additional information on the District's capital assets can be found in Note 4 of this report.

The District's total long-term obligations were reported at \$17.4 million as of June 30, 2021, which is derived from the outstanding principal and premium of the 2015 Colma Creek revenue refunding bonds and outstanding obligations for accrued vacation leave as indicated in the table below:

Long Term Obligations

2015 Revenue refunding bonds - principal	\$ 15,425,000
2015 Revenue refunding bonds - premium	1,980,534
Accrued vacation leave	34,553
Total long term obligations	<u>\$ 17,440,087</u>

Additional information on the District's long-term obligations can be found in Note 5 of this report.

Overview of Financial Statements

This discussion and analysis serves as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components:

- (1) **Government-wide** financial statements
- (2) **Fund** financial statements

The government-wide financial statements are prepared using the accrual basis of accounting. The governmental fund financial statements are prepared using the modified accrual basis of accounting. Further information on the basis of accounting is discussed in Note 2(b).

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

The notes to the basic financial statements provide additional context to the various areas of the basic financial statements.

Government-wide Financial Statements provide readers with a broad overview of the District's finances, in a manner similar to private-sector businesses.

The statement of net position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected taxes).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include public protection.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements provide a narrower view of the District's finances. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental funds which include general, special revenue and debt service funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of governmental activities, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains eight individual governmental funds. Information for the General Fund and the other major funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the nonmajor governmental funds is provided in the combining statements in this report as supplementary information.

The governmental fund financial statements can be found on pages 21 - 24 of this report.

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

Notes to the Basic Financial Statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found starting on page 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's net position may serve over time as a useful indicator of whether the District's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the District's overall financial position. The District's net position is summarized as follows:

District's Net Position					
June 30, 2021					
	June 30, 2021	June 30, 2020	Difference (\$)	Difference (%)	
Assets:					
Current and other assets	\$ 37,990,220	\$ 33,801,526	\$ 4,188,694	12.39%	
Capital assets	28,218,730	28,310,114	(91,384)	-0.32%	
Total assets	66,208,950	62,111,640	4,097,310		
Liabilities:					
Long-term liabilities	17,440,087	18,262,942	(822,855)	-4.51%	
Other liabilities	1,219,522	628,750	590,772	93.96%	
Total liabilities	18,659,609	18,891,692	(232,083)		
Deferred inflows of resources	36,815	39,429	(2,614)	-6.63%	
Net position:					
Net investment in capital assets	10,333,658	9,887,211	446,447	4.52%	
Restricted	12,127	1,126,103	(1,113,976)	-98.92%	
Unrestricted	37,166,741	32,167,205	4,999,536	15.54%	
Total net position	\$ 47,512,526	\$ 43,180,519	\$ 4,332,007		

The District's current assets increased by \$4.2 million. This was primarily a result of increase property tax apportionments from the County of San Mateo for the year ended June 30, 2021 in comparison with the six-month period ended June 30, 2020 after the District's initial formation on January 1, 2020. The District's other liabilities rose by \$0.6 million as a result of increased accounts payable connected to capital projects activities. Restricted net position is connected to restricted cash held in the District's debt service fund and dropped due to timing of debt service payments between fiscal years.

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

Assets

- *Cash and cash equivalents* reported at \$37.2 million at June 30, 2021. \$29.9 million was deposited in the District's US Bank Custodial Account, \$1.8 million was deposited in District's Wells Fargo Bank Account, \$5.5 million was deposited in the District's Local Agency Investment Fund Account.
- *Interest receivable* reported at \$3 thousand at June 30, 2021 represents proportionate interest earned at the end of June 30, 2021 and will be distributed in 15 days after fiscal year end.
- *Taxes receivable* reported at \$85 thousand at June 30, 2021 represents the property tax was earned at the end of June 30, 2021 and will be distributed in 60 days after fiscal year end.
- *Accounts receivable* reported at \$61 thousand at June 30, 2021 represents the District's services delivered or used but not yet paid for by customers at the end of June 30, 2021 and will be collected in 60 days after fiscal year end.
- *Grants receivable* reported to \$648 thousand at June 30, 2021 represents to the District's grant funding earned but not yet paid by the granting agencies at the end of June 30, 2021 and will be granted in 60 days after fiscal year end.
- *Prepaid expenses* reported to \$17 thousand at June 30, 2021 primarily represent the District's prepaid insurance premiums.
- *Capital assets* amount to \$28.2 million, net of accumulated depreciation, and are broken down further in the tables on page 4.

Liabilities

- *Accounts Payable* reported at \$896 thousand at June 30, 2021 represents the sum of all outstanding amounts the District owned to vendors for goods or services received that have not yet been paid for at the end of the fiscal year.
- *Unearned Revenue* reported at \$2 thousand at June 30, 2021 represents the sum of all activities which the District has received cash for, but which the District has not yet performed the associated services for customers at the end of the fiscal year.
- *Accrued Interest payable* reported at \$321 thousand at June 30, 2021 represents the amount of interest which the District has been incurred as of June 30, 2021 on 2015 Colma Creek revenue refunding bond but which has not yet been paid out.
- *Long-term obligations* reported at \$17.4 million at June 30, 2021 and are further broken down in the table on pg.5. The District has \$750 thousand in debt service principal payments due within one year on the 2015 Colma Creek revenue refunding bonds, and \$16.7 million in debt service principal payments due beyond one year on the same bonds. \$35 thousand is also accrued for the District's accrued vacation leave which is considered to be due within one year.

Deferred inflows of resources reported to \$37 thousand at June 30, 2021 represents deferred gain on 2015 Colma Creek revenue refunding bond.

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

The District's activities and changes in net position for the year ended June 30, 2021 are summarized as follows:

District's Changes in Net Position				
June 30, 2021				
	FY 2021	FY 2020	Difference (\$)	Difference (%)
Program expenses:				
Public protection	\$ 2,309,629	\$ 856,417	\$ 1,453,212	169.69%
Depreciation expense	785,142	392,572	392,570	100.00%
Interest on long-term liabilities	630,965	332,181	298,784	89.95%
Total program expenses	3,725,736	1,581,170	2,144,566	
Program revenues:				
Operating grants and contributions	1,611,698	1,995,000	(383,302)	-19.21%
Capital grants and contributions	648,071	-	648,071	100.00%
Total program revenues	2,259,769	1,995,000	264,769	
General revenues:				
Property tax	5,820,523	3,499,521	2,321,002	66.32%
Interest and investment income	(32,992)	243,471	(276,463)	-113.55%
Other	10,443	2,768	7,675	277.28%
Total general revenues	5,797,974	3,745,760	2,052,214	
Special Item:	-	39,020,929	(39,020,929)	-100.00%
Changes in net position	4,332,007	43,180,519	(38,848,512)	-89.97%
Net position - beginning:	43,180,519	-	43,180,519	
Net position - ending	\$ 47,512,526	\$ 43,180,519	\$ 4,332,007	

Analysis of Governmental Activities - Revenues and Expenses

The District's net position increased by \$4.3 million for the year ended June 30, 2021. The District's project costs are expected to continue increasing in future years as projects activity expands. However, for the year ended June 30, 2021, the District's costs are still outweighed by its annual revenues for property tax and contributions by \$4.3 million. The District was formed effective January 1, 2020 and only experienced six months of activity for the year ended June 30, 2020. Thus, there is a general increase in both revenues and expenses for the year ended June 30, 2021 due to the District experiencing a full year of activity. In particular, the District's property tax revenues from the County increased by \$2.3 million and the District is incurred \$1.5 million more in costs for public protection activities as a result of more capital projects getting underway. The District is also starting to recognize revenue connected to these capital project activities in the amount of \$0.6 million for the year ended June 30, 2021. The District had a \$39.0 million increase in net position for the year ended June 30, 2020 as a result of a special item recorded to represent the transfer of assets and liabilities to the District in the year it was first formed. This represented a one-time event to establish the District's beginning net position and there is no special item reflected on the financial statements for the year ended June 30, 2021.

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

GOVERNMENTAL FUND FINANCIAL ANALYSIS

The following is a summary of significant changes in activities under the District's major governmental funds between the 6-month period ended June 30, 2020 and the year ended June 30, 2021:

- General fund revenues decreased by \$0.4 million primarily due to the fact that an additional one-time \$0.5 million contribution for start-up funding was made by the County of San Mateo to the District for the period ended June 30, 2020. Expenditures increased by \$0.4 million primarily as a result of the District experiencing a full year of salaries and benefits for the period ended June 30, 2021.
- Revenues under the Colma Creek Flood Control fund and the San Bruno Creek Flood Control fund increased by \$1.7 million and \$0.1 million respectively due to the fact that the District experienced a full year of property tax revenues for the year ended June 30, 2021 in comparison to only six months for the prior period. Expenditures under the two funds increased by \$0.5 million and \$0.1 million respectively also due to a full fiscal year of services and supplies costs in comparison to six months of activity for the prior period.
- The District's debt service fund incurred \$1.1 million more in expenditures as a result of timing of debt service payments with a full fiscal year of activity being incurred for the period ended June 30, 2021.
- The District created the Bayfront Canal Atherton Capital Project fund for the financial reporting period ended June 30, 2021, to report increasing capital project activities. The fund reported total revenues and expenditures of \$0.6 million for project costs incurred through the balance sheet date. The District had not yet started accumulating capital outlay for these projects until after the period ended June 30, 2020.

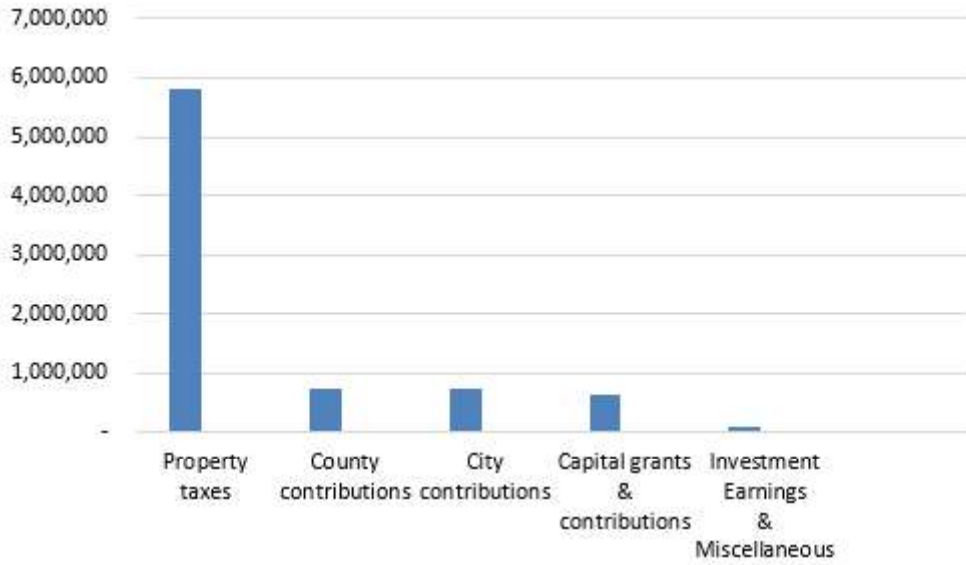
BUDGETARY ANALYSIS

The General fund, Colma Creek Flood Control fund and San Bruno Creek Flood Control fund each incurred expenditures that were lower than budgeted estimates in the amounts of \$0.5 million, \$6.7 million and \$0.6 million respectively. This was mainly due to an anticipated higher volume of expenditures for services and supplies connected to project activities for the year ended June 30, 2021. The District is steadily expanding its operations and anticipates annual increases in expenditures, but costs for the year ended June 30, 2021 did not rise to the level expected when preparing budgeted forecasts.

**San Mateo County Flood and Sea Level Rise Resiliency District
 Management’s Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021**

Governmental Activities – Revenues

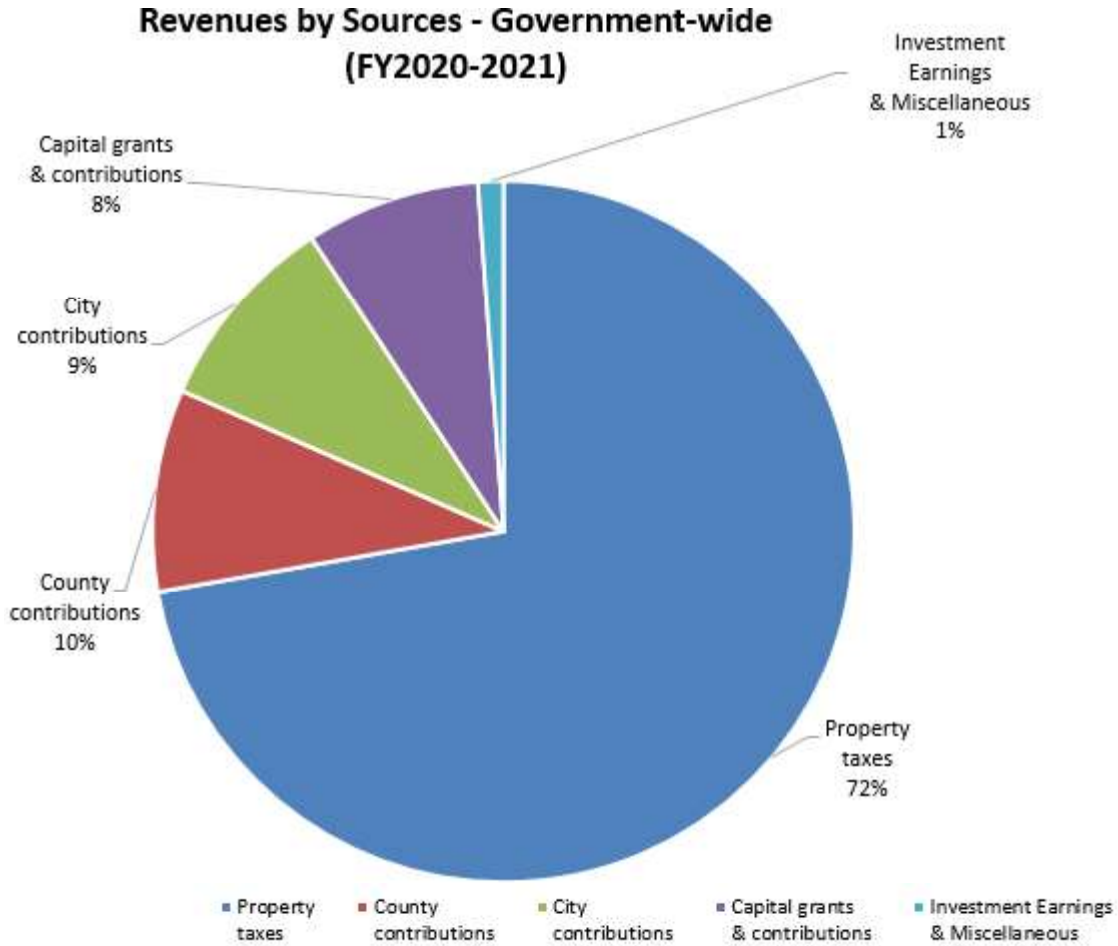
**Revenues by Sources - Government-wide
 (FY2020-2021)**



Program Revenues accounted for 18.6% of the District’s overall governmental activities revenues. Program revenues are reported at \$2.1 million at June 30, 2021. \$745 thousand were contributed by 20 local cities and \$750 thousand were contributed by San Mateo County as second year start-up funding support for the District. The remaining \$0.6 million were revenues for capital grants from local governments for the Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Projects.

**San Mateo County Flood and Sea Level Rise Resiliency District
Management’s Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021**

The District’s revenues for the fiscal year ended June 30, 2021 are comprised of and distributed as follows:



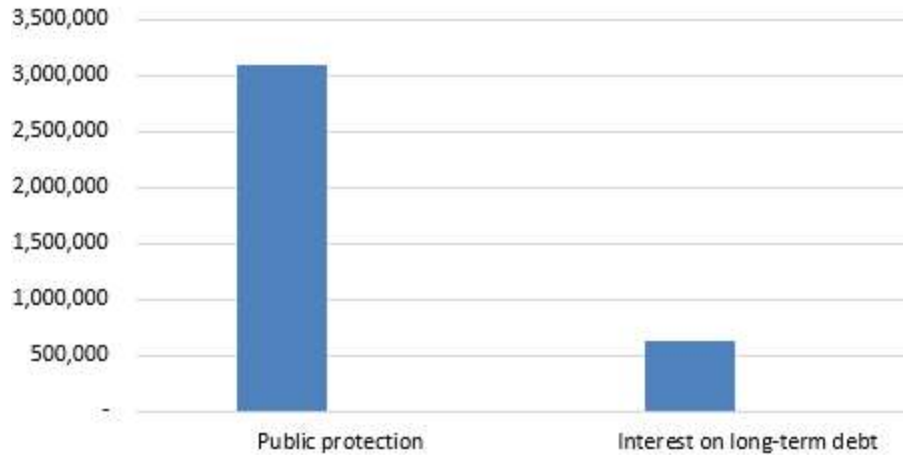
General Revenues reported to \$5.8 million and accounted for 73% of the District’s overall governmental activities revenues. General Revenues primarily consisted:

- *Property Tax Revenues* reported \$5.8 million and generated from the District’s 9 flood control zones contained within 5 special revenue funds reported in the basic financial statements.
- *Interest and Investment Income and Miscellaneous* reported at \$94 thousand and accounted for 1% of the District’s overall governmental activities revenues.

San Mateo County Flood and Sea Level Rise Resiliency District
Management’s Discussion and Analysis
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

Governmental Activities - Expenses

Governmental Activities
Expense by Function/Program
(FY2020-2021)

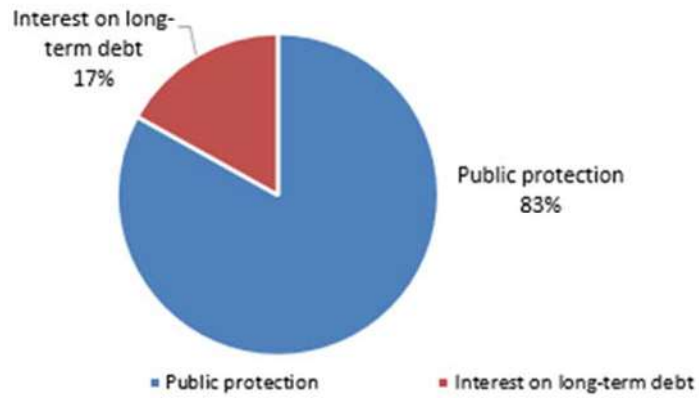


- **Expenses for *Public Protection*** accounted for 62% of the District’s overall governmental activities expenses. Public protection expenses were reported at \$2.3 million at June 30, 2021, \$1.6 million of this was the costs of Services and Supplies, \$0.6 million was the costs of Salaries and Benefits, \$80 thousand was capital project fund soft costs reflected as capital outlay and \$28 thousand was changes in accrued compensation liability.
- **Expenses for *Interest on long-term debt*** is the current portion of the accrued interest of 2015 Colma Creek Revenue Refunding bond combined with amortization of bond premiums and deferred inflows of resources associated with the District’s long-term debt, and was reported at \$0.6 million, accounting for 17% of the District’s overall governmental activities expenses.
- **Expenses for *Depreciation*** on various District infrastructure capital assets amounted to \$785 thousand, or 21% of total governmental activities expenses.

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

The District's expenses for the fiscal year ended June 30, 2021 are comprised of and distributed as follows:

Governmental Activities
Expense by Function/Program
(FY2020-2021)



**San Mateo County Flood and Sea Level Rise Resiliency District
Management’s Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021**

The map below highlights the locations of projects around San Mateo County where the District is either the lead agency, a partner agency or a potential partner. The following two pages describe three of these projects in greater detail -- more information can be found at OneShoreline.org/projects.



Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project

Just east of Highway 101 and north of Marsh Road, the Atherton Channel converges with the Bayfront Canal near the border between Redwood City and Menlo Park, and empties into San Francisco Bay. For the past several decades, high tides have kept flows in the Canal and Channel from draining to the Bay, and minor rainfall events have resulted in the flooding of nearby mobile home parks and businesses.

Shortly after it was established in January 2020, OneShoreline assumed the role of lead agency on the *Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project*. The Project is installing concrete box culverts under Marsh Road and adjacent lands to divert stormwater during high tide conditions from the Bayfront Canal into ponds managed by the U.S. Fish & Wildlife Service. The connection to the managed ponds essentially increases the capacity of the Bayfront Canal and Atherton Channel, mitigating the impacts of flooding to the communities under threat.



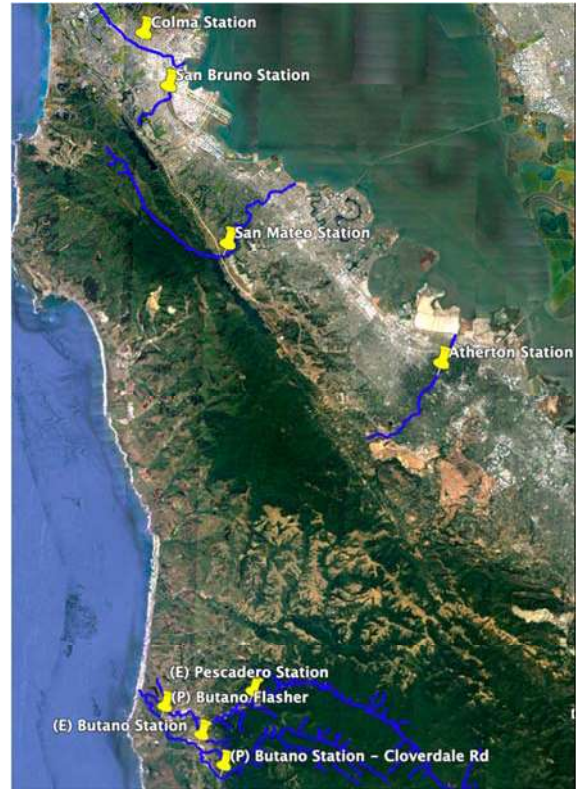
**San Mateo County Flood and Sea Level Rise Resiliency District
Management’s Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021**

Between early 2020 and June of 2021, OneShoreline certified the project's CEQA document, secured land rights and federal and state environmental permits, developed an agreement to fund construction and maintenance with San Mateo County, cities of Redwood City and Menlo Park, and the Town of Atherton, and awarded the construction contract. Construction will be completed in early 2022.



Countywide Flood Early Warning System

The District is managing a Flood Emergency Response project funded by the State’s Department of Water Resources to create a coordinated county-wide flood emergency preparedness and response program, upgrade and expand the region’s flood early warning system to inform emergency personnel, public works staff, and the general public during an event, and create three site-specific Flood Emergency Action Plans (EAPs) to define and coordinate activities and responsibilities before, during, and after flood events, and lead a public outreach regarding these.



Between mid-2020 and mid-2021, the District upgraded and expanded the flood early warning system, including new, permanent stream and precipitation monitoring stations, new data loggers, and new communication capabilities -- all to improve lead-time notification to residents and public agency decision-makers.

Additionally, the District developed the first iteration of a Countywide Flood Early Warning System website that includes dashboards for a quick overview of each station’s key data. Although this website is still in development, features of it may be previewed on our website, at OneShoreline.org/FloodWarning.

Burlingame-Millbrae-SFO Shoreline

Within the cities of Millbrae and Burlingame along San Francisco Bay, regionally-significant electrical distribution and water treatment facilities and transportation and rail corridors, major corporate sites, and many local businesses and homes are vulnerable to flooding and sea level rise. In late 2019 and early 2020, these cities completed separate efforts to evaluate their vulnerabilities and potential adaptation strategies to reduce those vulnerabilities. Meanwhile, immediately to the north, SFO is planning and designing a project to protect the entire perimeter of the airport from sea level rise.

**San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021**

Meeting the transformative challenge of sea level rise in San Mateo County requires a holistic, aligned approach across jurisdictions. Thus, soon after it was established in 2020, OneShoreline brought together these entities to advance their independent efforts in a coordinated and connected way. The objectives of this project are to not only remove hundreds of properties and critical infrastructure from the FEMA floodplain, but advance long-term resilience to sea level rise and extreme storms, as well as provide environmental, recreation, and community connectivity enhancements where possible. During Fiscal Year 2020-21, the District worked to establish the partnership, the support of other key agencies, and secure funds to enable the project to begin in January 2022.



Agency Priorities for the Fiscal Year 2021-2022

- **Complete construction of the Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project**

Construction of the approximately \$9.5 million project began in May 2021 and is scheduled to be completed by January 2022. As of October 2021, construction is on schedule and within the allocated budget.

- **Advance new multi-jurisdictional projects that connect and align substantial protection for neighboring jurisdictions**

The project along the Bay shoreline of Burlingame and Millbrae and connecting to SFO is funded largely through a direct appropriation to OneShoreline in the State Budget and it is likely to receive a small federal grant. With these and local funds, in early 2022 OneShoreline intends to hire one or more consultants to fill gaps in data, complete a CEQA document, and develop a preliminary engineering design of this project. With this design, OneShoreline, and with new language in the zoning ordinance of Burlingame and General Planning documents of Millbrae, OneShoreline and the cities will then work with developers of properties along the shoreline to incorporate portions of the project into new private developments.

The area along the Bay known as Redwood Shores includes portions of Redwood City, the cities of San Carlos and Belmont, a County-run regional airport, regional water treatment, and recycling facilities, about two thousand households, and major corporate assets. In April 2020, FEMA wrote to these cities that the levees surrounding Redwood Shores are inadequate to keep the area out of the FEMA flood zone. The cities and County asked OneShoreline to lead a project to remove the multi-jurisdictional area from the current and future FEMA flood zones and build protection against sea level rise. In early 2021, OneShoreline and Redwood City applied for FEMA funds, to be matched locally, to advance this effort and are awaiting FEMA's response.

San Mateo County Flood and Sea Level Rise Resiliency District
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

Along the Pacific Coast of San Mateo County, rising seas threaten Pillar Point Harbor and breakwaters built by the federal government 60 years ago. Recent studies point to those breakwaters as the source of significant erosion in the region that threatens State Highway 1 at Surfers Beach, Half Moon Bay State Beach, and within County jurisdiction, the Princeton shoreline, and other buildings, roads, and bridges. Each of these jurisdictions — the federal government, state government, County of San Mateo, and Harbor District — have studied their respective vulnerability to sea level rise and further erosion, but there has not been a comprehensive study focused on identifying a long-term solution. OneShoreline will soon begin an investigation into the inter-related vulnerabilities of these jurisdictions to identify a path towards long-term resilience for all of them.

- **Work with cities and developers so public and private infrastructure and development can function for decades, during which time the impacts of climate change, including sea level rise, will grow substantially**

Cities now require new development in the FEMA 100-year flood zone to build above FEMA's current flood elevation, but cities do not yet consider conditions brought by climate change. This is a lost opportunity to incorporate future conditions into the early planning of development and associated infrastructure that will be around for decades, and for cities to collaborate with the private sector in protecting that property and adjacent properties and assets. OneShoreline's objectives in this effort are to protect people and properties from current and future risks and avoid the more challenging and costly work of retrofitting properties for protection later. Given this reality, OneShoreline is working with several cities to update their General Plans, Specific Plans, and zoning ordinances so that these critical documents can today help guide our region's resilience to the future conditions brought on by climate change.

- **Develop a source of long-term, stable funding to support OneShoreline's climate resilience work**

Beginning in October 2020, the OneShoreline Board began exploring the potential to develop a countywide ballot measure in collaboration with San Mateo County to build resilience to our changing climate. This exploration includes outreach efforts to determine the public's concern for these issues and potential support for such a measure. As of October 2021, this process is ongoing, and no decisions have been made.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 37,176,708
Accounts receivable	60,916
Interest receivable	3,158
Taxes receivable	84,511
Intergovernmental receivable	648,071
Prepaid expenses	16,856
Capital assets, net of accumulated depreciation	
Nondepreciable	2,312,544
Depreciable	25,906,186
Total Assets	66,208,950
 Liabilities	
Accounts payable	896,445
Accrued interest	321,355
Unearned revenue	1,722
Long-term liabilities	
Revenue refunding bonds - due within one year	750,000
Revenue refunding bonds - due beyond one year	16,655,534
Accrued vacation leave - due within one year	34,553
Total Liabilities	18,659,609
Deferred Inflows of Resources	36,815
 Net Position	
Net investment in capital assets	10,333,658
Restricted for debt service	69
Unrestricted	37,178,799
Total net position	\$ 47,512,526

The accompanying notes are an integral part of this statement.

**SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Statement of Activities
For the Year Ended June 30, 2021**

	Governmental Activities
Program Expenses	
Public protection	\$ 2,309,629
Depreciation expense	785,142
Interest on long-term liabilities	630,965
Total Program Expenses	3,725,736
 Program Revenues	
Operating grants and contributions	1,611,698
Capital grants and contributions	648,071
Total Program Revenues	2,259,769
 Net Program Expenses	(1,465,967)
 General Revenues	
Property tax	5,820,523
Interest and investment income (loss)	(32,992)
Other	10,443
Total General Revenues	5,797,974
 Change in Net Position	4,332,007
 Net Position - Beginning	43,180,519
 Net Position - Ending	\$ 47,512,526

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2021

	General Fund	Colma Creek Flood Control Fund	San Bruno Creek Flood Control Fund	Bayfront Canal Atherton Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 1,735,599	\$ 30,019,724	\$ 3,823,067	\$ -	\$ 69	\$ 1,598,249	\$ 37,176,708
Receivables:							
Accounts receivable	60,916	-	-	-	-	-	60,916
Taxes receivable	-	66,292	12,576	-	-	5,643	84,511
Grants receivable	-	-	-	648,071	-	-	648,071
Interest receivable	107	2,583	331	-	-	137	3,158
Dues from other funds	192,171	-	-	-	-	-	192,171
Other assets	4,798	-	-	-	12,058	-	16,856
Total Assets	\$ 1,993,591	\$ 30,088,599	\$ 3,835,974	\$ 648,071	\$ 12,127	\$ 1,604,029	\$ 38,182,391
Liabilities							
Accounts payable	\$ 40,287	\$ 340,696	\$ 57,409	\$ 455,900	\$ -	\$ 2,153	\$ 896,445
Unearned revenues	-	1,722	-	-	-	-	1,722
Dues to other funds	-	-	-	192,171	-	-	192,171
Total Liabilities	\$ 40,287	\$ 342,418	\$ 57,409	\$ 648,071	\$ -	\$ 2,153	\$ 1,090,338
Fund Balances							
Nonspendable	4,798	-	-	-	12,058	-	16,856
Restricted	-	-	-	-	69	-	69
Assigned	1,948,506	29,746,181	3,778,565	-	-	1,601,876	37,075,128
Total Fund Balances	1,953,304	29,746,181	3,778,565	-	12,127	1,601,876	37,092,053
Total Liabilities and Fund Balances	\$ 1,993,591	\$ 30,088,599	\$ 3,835,974	\$ 648,071	\$ 12,127	\$ 1,604,029	\$ 38,182,391

The accompanying notes are an integral part of this statement.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
June 30, 2021

Fund balances - total governmental funds	\$ 37,092,053
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	28,218,730
Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(321,355)
Deferred inflows of resources in governmental activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	(36,815)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Revenue refunding bonds	(15,425,000)
Premium on revenue refunding bonds	(1,980,534)
Accrued vacation leave	<u>(34,553)</u>
Net position of governmental activities	<u><u>\$ 47,512,526</u></u>

The accompanying notes are an integral part of this statement.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Colma Creek Flood Control Fund	San Bruno Creek Flood Control Fund	Bayfront Canal Atherton Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Property tax	\$ -	\$ 4,951,738	\$ 415,674	\$ -	\$ -	\$ 453,111	\$ 5,820,523
County contributions	750,000	-	-	-	-	-	750,000
City contributions	745,000	-	-	-	-	-	745,000
Capital grants and contributions	-	-	-	648,071	-	-	648,071
Other local aid	116,698	-	-	-	-	-	116,698
Interest and investment income (loss)	20,759	(45,501)	(5,826)	-	8	(2,432)	(32,992)
Other	-	10,197	-	-	246	-	10,443
Total Revenues	1,632,457	4,916,434	409,848	648,071	254	450,679	8,057,743
Expenditures							
Current:							
Salaries and benefits	565,598	-	-	-	-	-	565,598
Services and supplies	352,394	798,104	159,145	-	855	326,091	1,636,589
Capital outlay	107,811	17,543	-	648,071	-	-	773,425
Debt service - principal	-	-	-	-	710,000	-	710,000
Debt service - interest	-	-	-	-	789,000	-	789,000
Total Expenditures	1,025,803	815,647	159,145	648,071	1,499,855	326,091	4,474,612
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	385,625	-	385,625
Transfers out	-	(385,625)	-	-	-	-	(385,625)
Total Other Financing Sources (Uses)	-	(385,625)	-	-	385,625	-	-
Net Change in Fund Balances	606,654	3,715,162	250,703	-	(1,113,976)	124,588	3,583,131
Fund Balances - Beginning	1,346,650	26,031,019	3,527,862	-	1,126,103	1,477,288	33,508,922
Fund Balances - Ending	\$ 1,953,304	\$ 29,746,181	\$ 3,778,565	\$ -	\$ 12,127	\$ 1,601,876	\$ 37,092,053

The accompanying notes are an integral part of this statement.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds **\$ 3,583,131**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 773,425	
Less capital project fund soft costs reflected as capital outlay	(79,667)	
Less current year depreciation	<u>(785,142)</u>	<u>(91,384)</u>

Repayment and defeasance of long-term liabilities are expenditures and other financing uses in the governmental funds but reduce long-term liabilities in the statement of net position

710,000

Change in accrued interest

14,791

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Amortization of bond premium	140,630	
Amortization of deferred gain on refunding	2,614	
Change in accrued vacation leave	<u>(27,775)</u>	<u>115,469</u>

Change in net position of governmental activities

\$ 4,332,007

The accompanying notes are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

1. FINANCIAL REPORTING ENTITY

On February 23, 2016, the San Mateo County Board of Supervisors (County Board) approved a report entitled “Improving Flood Control in San Mateo County’s Areas of Responsibilities” (Report) and approved Resolution No. 074363 for an Appropriation Transfer Request to begin implementation of the Report’s recommendations. This included funding totaling \$6.2 million from the County general fund over a three-year period to establish a program to address flood risks in the County’s areas of responsibility as outlined in the Report.

In May of 2017, the City/County Association of Governments of San Mateo County (C/CAG)’s Countywide Water Coordination Committee (Committee) was established, which consisted of seven city elected officials and one member of the County Board. In April 2018, the Committee convened a Staff Advisory Team (SAT) comprised of 18 staff level representatives from C/CAG, the County, cities, and other water-related or interested agencies to help develop a proposal to establish a new water management agency.

The SAT, in coordination with the Committee, developed an overall roadmap for the process to create a new agency as described in the “Flood and Sea Level Rise Resiliency Agency Proposal” (Proposal), dated December 21, 2018. This was reviewed and approved by the County Board on January 29, 2019. The Proposal revised (through special legislation) the 1959 San Mateo Flood Control District Act (Act) to change the governance of the District from the County Board to a seven-member board consisting of five city members and two County Board members. The revisions to the Act also enhanced authorities related to sea level rise and coastal erosion, clarified funding and financing authorities to reflect current state regulations/constitutional restrictions, and changed the name of the entity to the Flood and Sea Level Rise Resiliency District. The new entity was officially formed effective January 1, 2020. The District’s mission and role is to address sea level rise, flooding, coastal erosion, and large-scale storm water infrastructure improvements through integrated regional planning, design, permitting, project implementation, and long-term operations and maintenance to create a resilient “one shoreline” approach in San Mateo County by 2100.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities report the financial activities of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues of the District. Direct expenses are those that are specifically associated with the District’s operations. Program revenues refer to grants, contributions, and other revenues that meet the operational requirements of the program. Any revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District’s funds. The emphasis of fund financial statements is on major governmental funds, which are each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are presented as separate columns in the fund financial statements.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

- The *General Fund* serves as the District's primary operating fund and accounts for all financial resources and transactions of the District, except those accounted for in another fund.
- The *Colma Creek Flood Control Fund* accounts for funds that support various flood control projects within the City of Colma Creek. This fund is financed by property taxes.
- The *San Bruno Creek Flood Control Fund* accounts for funds that support various flood control projects within the City of San Bruno. This fund is financed by property taxes.
- The *Bayfront Canal Atherton Capital Project Fund* accounts for funds that support significant capital project operations for the District. This fund is financed by grants and contributions.
- The *Debt Service Fund* accounts for the accumulation and resources for, and the payment of, long-term debt principal, interest, and related costs.

(b) Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes and grant and contribution revenues from reimbursement type programs are considered to be available when they are collectible within two months of the end of the current fiscal period in order to properly match revenues with related expenditures. Expenditures are recognized in the accounting period in which the liability is incurred.

(c) Implementation of Governmental Accounting Standards Board (GASB) Statements

The District is currently evaluating its accounting practices to determine the potential impact on the financial statements of GASB Statements No. 87, *Leases*, No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, No. 90, *Majority Equity Interests – an Amendment to GASB Statements No. 14 and No. 61*, No. 91, *Conduit Debt Obligations*, No. 92, *Omnibus 2020*, No. 93, *Replacement of Interbank Offered Rates*, No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology*, and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

The District has also evaluated and implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for all state and local governments. The District does not currently have fiduciary activities and thus determines that there is no financial reporting impact for the year ended June 30, 2021 due to the implementation of GASB Statement No. 84.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

(e) Prepaid Items

Certain payments to external parties reflect costs applicable to future accounting periods and are recognized as prepaid items in both government-wide and fund financial statements. Prepayments are amortized and recognized as expenditures in the period consumed using the consumption method.

(f) Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if historical cost is not available. The District defines capital assets as assets with an initial unit cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide financial statements. Estimated useful lives for depreciable capital assets currently held by the District range from 46 years to 50 years.

(g) Accrued Vacation Leave

The District allows employees to accumulate earned but unused vacation time, which is eligible for payment upon separation from the District. The liability of such time is reported as incurred in the government-wide financial statements. The liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for accrued vacation leave includes the District's share of social security and Medicare contributions payable on behalf of the employees.

(h) Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The District has deferred inflows for a deferred gain on refunding connected to the issuance of its 2015 revenue refunding bonds, which is amortized annually.

(i) Property Tax

Secured taxes are distributed from the County of San Mateo to the District monthly on the basis of the County's apportionment schedules.

(j) County and City Contributions

The District receives annual contributions from both the County of San Mateo and the local city governments within the County. The financial obligations are determined each year based on the budget of the District, which is established by the Board of Directors.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Capital Grant Contributions

In addition to the annual County and city contributions noted under note 2(j), the District also receives one-time capital grant contributions for specific projects. For the year ended June 30, 2021, the District incurred capital project costs on the Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration projects, for which it received a capital grant reimbursement after the balance sheet date.

(l) Due From/Due To Other Funds and Transfers

Interfund transactions are treated as transfers under the other financial sources and uses section of the statement of revenues, expenditures and changes in fund balance. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

(m) Investment Earnings

The District earns interest quarterly from the Local Agency Investment Fund (LAIF) and monthly on its investments with U.S. Bank.

(n) Accounting Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

3. CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 consist of the following:

Investments with financial institutions	\$	35,175,656
Deposits with financial institutions		2,001,052
Total cash and investments	\$	37,176,708

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

3. CASH AND CASH EQUIVALENTS (Continued)

(a) Deposits

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside entity. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. As of June 30, 2021, cash balances in bank were insured up to \$250,000 per insured bank by the Federal Depository Insurance Corporation. At June 30, 2021, the bank balance of \$1,485,871 was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the name of the District.

(b) Investments

Investment Policy

The District's investment policy addresses safekeeping and custody practices with financial institutions in which the District deposits funds, types of permitted investment instruments, and the percentage of the portfolio that may be invested in certain instruments. The objectives of the policy, in order of priority are safety, liquidity, and return on investments.

The table below identifies the investment types that are authorized by the investment policy. The table also identifies certain provisions of the investment policy that address interest rate risk and concentration of credit risk. The investment policy places maturity limits based on the type of security.

<u>Authorized Investments</u>	<u>Maximum Percentage of District Portfolio</u>	<u>Maximum Percentage Acquired from Single Issuer</u>	<u>Maximum Maturity</u>	<u>Credit Rating Requirements (1)</u>
U.S. Treasury Obligations	No limit	No limit	None	None
Federal Agency or United States Government-Sponsored Enterprise Obligations	No limit	No limit	None	None
Obligations of the State of California or Any Local Agency Within the State	20%	No limit	None	A
Registered Treasury Notes or Bonds of Any of the Other 49 States in Addition to California	20%	No limit	None	A
Commercial Paper (2)	20%	10%	270 days	None
				A (long-term)
Negotiable Certificates of Deposit	30%	No limit	None	A-1 (short-term)
Demand Deposits	No limit	No limit	None	None
Passbook Savings Accounts - Collateralized	No limit	No limit	None	None
Shares of Beneficial Interest Issued by Diversified Management Companies	20%	10%	None	None
Repurchase Agreements (3)	No limit	No limit	None	None
	Maximum amount permitted by the State Treasurer	No limit	None	None
Local Agency Investment Fund (State Pool)	No limit	No limit	None	None
San Mateo County Pool	No limit	No limit	None	AAA
Local Government Investment Pools (LGIPs)	40%	30%	180 days	None
Bankers' Acceptances	30%	No limit	5 years	A

(1) Ratings listed are the required minimum investment security ratings assessed by a nationally recognized statistical-rating organization (NRSRO).
(2) No more than 5% of outstanding commercial paper investments can be invested in the Energy industry/sector.
(3) Overnight Repurchase Agreement shall be used solely as a short-term investment not to exceed 3 days.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

3. CASH AND CASH EQUIVALENTS (Continued)

District Investments

As of June 30, 2021, the District's investments consisted of the following:

<u>Investment Type</u>	<u>Credit Rating</u> S&P's/Moody's	<u>Investment Maturities (in Years)</u>		<u>Fair Value</u>
		<u>Less than 1</u>	<u>1 to 5</u>	
U.S. Treasury Notes	Not Rated / Aaa	\$ -	\$ 28,771,413	\$ 28,771,413
Local Agency Investment Funds	Not Rated	5,500,000	-	5,500,000
Medium Term Notes	BBB+ to AA / A1 to A3	-	904,243	904,243
Total Investments		<u>\$ 5,500,000</u>	<u>\$ 29,675,656</u>	<u>\$ 35,175,656</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the fair value of an investment. In accordance with the investment policy, the Treasurer manages the risk exposure by limiting the weighted average maturity of its investment portfolio to not more than two years at any time. The weighted average maturity of the District's investment portfolio at June 30, 2021 was 816 days.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The investment policy sets limits to certain investment types specifying the amount the District may invest in any one issuer. As of June 30, 2021, there were no issuers which held more than 5% of the District's investment portfolio.

Local Agency Investment Fund

As of June 30, 2021, the District's investment in the Local Agency Investment Fund (LAIF) was \$5.5 million, and the total amount invested by all participating agencies in LAIF is \$37.1 billion. The Local Investment Advisory Board (LIAB), which consists of five members as designated by State statute, provides oversight for LAIF. All securities are purchased under the authority of Government Code Sections 16430 and 16480.4. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. LAIF is part of the Pooled Money Investment Account (PMIA), which is not SEC-registered. As of June 30, 2021, the PMIA balance was \$193.3 billion, of which 2.31% in structured notes and asset backed securities.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

3. CASH AND CASH EQUIVALENTS (Continued)

Fair Value Measurement

The District prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Authorized investments in which the District can invest are outlined in the County’s current effective investment policy, which are summarized in the “Investment Policy” section above.

The District’s investments by fair value as of June 30, 2021 included the following:

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments subject to fair value hierarchy:			
U.S. Treasury notes	\$ 28,771,413	\$ 28,771,413	\$ -
Medium term notes	904,243	-	904,243
Total investments subject to fair value hierarchy	29,675,656	\$ 28,771,413	\$ 904,243
Investments not subject to fair value hierarchy:			
Local agency investment funds held by County Treasury	\$ 5,500,000		

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

4. CAPITAL ASSETS

Capital assets activity for the District for the year ended June 30, 2020 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-Depreciable Capital Assets:					
Land	\$ 702,962	\$ -	\$ -	\$ -	\$ 702,962
Easements	92,419	-	-	-	92,419
Construction in Progress	823,405	693,758	-	-	1,517,163
Total non-depreciable capital assets	<u>1,618,786</u>	<u>693,758</u>	<u>-</u>	<u>-</u>	<u>2,312,544</u>
Depreciable capital assets:					
Infrastructure	39,253,006	-	-	-	39,253,006
Less accumulated depreciation for:					
Infrastructure	(12,561,678)	(785,142)	-	-	(13,346,820)
Depreciable capital assets, net	<u>26,691,328</u>	<u>(785,142)</u>	<u>-</u>	<u>-</u>	<u>25,906,186</u>
Total Capital Assets, net	<u>\$ 28,310,114</u>	<u>\$ (91,384)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,218,730</u>

Construction in process additions for the year ended June 30, 2021 primarily represents work performed on the Bayfront canal and Atherton channel flood protection and ecosystems restoration project and the Colma Creek flood control zone channel improvement and repair project.

5. LONG TERM LIABILITIES

(a) 2015 Lease Revenue Refunding Bonds

In August 2015, the San Mateo County Flood Control District (the “Flood Control District”) issued \$18.7 million in Revenue Refunding Bonds (the “2015 Revenue Refunding Bonds”) with a bond premium of \$2.8 million to refund the County Joint Powers Financing Authority’s (JPFA) outstanding balance of its 1997 Certificates of Participation (COPs) and 2004 COPs and to pay its costs of issuance. The Flood Control District pledged its revenues to repay the 2015 Revenue Refunding Bonds through August 2035.

Revenue refunding bonds are pledged by all revenues, income and investment earnings, received by Colma Creek Flood Control Zone (Colma Creek), including the ad valorem taxes levied by the County and allocable to the Colma Creek. There is no right of acceleration under the indenture in an event of default. In the event of default, the trustee, U.S. Bank National Association, shall exercise its rights to indemnification and protection from liability under the indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the bonds. The trustee shall be entitled to interest on all amounts advanced by it under the indenture at the maximum interest rate permitted by law. Notwithstanding the foregoing, the trustee shall not be required to advance its own funds. The trustee in its individual or other capacity may become the owner or pledgee of the bonds with the same rights it would have if it were not the trustee.

When the District was formed effective January 1, 2020, it assumed the obligations associated with this debt formerly connected to the original County Flood Control District.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

5. LONG TERM LIABILITIES (Continued)

The District's long-term liabilities as of June 30, 2021 are as follows:

Type of Indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2021
2015 Revenue Refunding Bonds:					
Serial current interest bonds	8/1/21 - 8/1/35	5.00%	\$750,000 - \$1,410,000	\$ 18,725,000	\$ 15,425,000

Annual debt service requirements for the governmental activities of the District as of June 30, 2021 are summarized as follows:

Fiscal Year Ended June 30,	Revenue Refunding Bonds	
	Principal	Interest
2022	\$ 750,000	\$ 752,500
2023	785,000	714,125
2024	825,000	673,875
2025	865,000	631,625
2026	910,000	587,250
2027-2031	5,270,000	2,190,000
2032-2036	6,020,000	715,250
Total	<u>\$ 15,425,000</u>	<u>\$ 6,264,625</u>

(b) Accrued Vacation Leave

The District's policy allows employees to accumulate earned but unused vacation time, which is eligible for payment upon separation from the District's service. The liability of such time is reported as incurred in the government-wide financial statements. The liability for those amounts is recorded in the governmental funds only if the liability has matured as result of employee resignations or retirements. The liability for accrued vacation leave includes the District's share of social security and Medicare contributions payable on behalf of the employees. Vacation time accrues at a rate of 160.0 hours for the Executive Director and at a rate of 96.0 hours annually for other District employees, with a cap of 180 hours. Additionally, the Executive Director earns management leave accrual at a rate of 40.0 hours annually.

The District's long-term liabilities as of June 30, 2021 are as follows:

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021	Amounts Due Within 1 Year
Revenue refunding bonds	\$ 16,135,000	\$ -	\$ (710,000)	\$ 15,425,000	\$ 710,000
Add: unamortized premium	2,121,164	-	(140,630)	1,980,534	140,630
Revenue refunding bonds, net	18,256,164	-	(850,630)	17,405,534	850,630
Accrued vacation leave	6,778	34,252	(6,477)	34,553	34,553
Total Governmental Activities	<u>\$ 18,262,942</u>	<u>\$ 34,252</u>	<u>\$ (857,107)</u>	<u>\$ 17,440,087</u>	<u>\$ 885,183</u>

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

6. LEASE

The District occupies an office building to conduct its business under a noncancelable operating lease. Total rental paid for this lease was \$98,932 for the year ended June 30, 2021, and the future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	
2022	\$ 101,906
2023	<u>69,472</u>
Total	<u>\$ 171,378</u>

7. REVENUES

(a) County and City Contributions

Pursuant to the resolution approved by the County Board on January 29, 2019, the County and local city agencies within the County are expected to make annual contributions to the District until such time that the District is able to secure adequate independent funding sources of its own. For the year ended June 30, 2021, the County made contributions of \$750,000 and the city agencies contributed a combined amount of \$745,000 as prescribed by Board resolution.

(b) Property Tax

The District receives monthly property tax payments from the County of San Mateo based on the County's apportionment factor calculations. The District's revenue for property tax appropriations amounted to \$5,820,523 for the year ended June 30, 2021.

8. FUND BALANCE

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for the District's governmental funds are made up of the following:

(a) Nonspendable Fund Balance – includes amounts that are (1) not in spendable form, or (2) legally or contractually require to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as prepaid amounts.

(b) Restricted Fund Balance – includes amounts that are restricted for specific purposes due to outside sources or enabling legislation.

(c) Assigned Fund Balance – includes amounts intended to be used by the District for specific purposes that are not restricted. Intent is expressed by (a) the Board of Directors or (b) a body (for example: a budget or finance committee) or official to which the Council has delegated the authority to assign amounts to be used for specific purposes.

Assigned fund balances represent all District activities outside of debt service operations, which are encompassed under the restricted fund category. These costs are intended for specific purposes, but are not restricted.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2021

9. INTERFUND BALANCES AND TRANSFERS

The District's Bayfront Canal Atherton Capital Project Fund expended more funds than its available cash as of June 30, 2021, which resulted in a negative cash balance of \$192,171 and required short-term borrowing from the District's general fund. The capital project fund expects to repay the amount due to the general fund upon collection of its grants receivable.

For the year ended June 30, 2021, the District Colma Creek Flood Control fund made a transfer of \$385,625 to the Debt Service fund for the purpose of financing debt service obligations.

10. NET POSITION

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District considers restricted net position to have been depleted before unrestricted net position is applied.

11. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. By agreement, the District is an additional insured on the County's excess liability insurance coverage. The existing insurance policy at the balance sheet date is valid through May 22, 2022. County Counsel provides legal representation for any claims or litigation of the District at no charge. The District engages with a separate insurance provider for worker's compensation insurance to employees with a limit of \$1,000,000 per accident. The existing insurance policy for workers' compensation at the balance sheet date is valid through April 1, 2022. Claims have not exceeded coverage for the District since its inception on January 1, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final	Budgetary Basis	
Revenues				
County contributions	\$ 750,000	\$ 750,000	\$ 750,000	\$ -
City contributions	745,000	745,000	745,000	-
Other local aid	-	-	116,698	116,698
Interest and investment income (loss)	500	500	20,759	20,259
Other	-	-	-	-
Total Revenues	1,495,500	1,495,500	1,632,457	136,957
Expenditures				
Current:				
Salaries and benefits	\$ 668,249	\$ 668,249	\$ 565,598	\$ 102,651
Services and supplies	825,451	825,451	352,394	473,057
Capital outlay	-	-	107,811	(107,811)
Total Expenditures	1,493,700	1,493,700	1,025,803	467,897
Net Change in Fund Balance	\$ 1,800	\$ 1,800	606,654	\$ 604,854
Budgetary Fund Balance - Beginning			1,346,650	
Budgetary Fund Balance - Ending			\$ 1,953,304	

See notes to required supplementary information.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Colma Creek Flood Control Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amount</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	
Revenues				
Property taxes	\$ 3,295,239	\$ 3,295,239	\$ 4,951,738	\$ 1,656,499
Interest and investment income (loss)	334,000	334,000	(45,501)	(379,501)
Other	9,000	9,000	10,197	1,197
Total Revenues	<u>3,638,239</u>	<u>3,638,239</u>	<u>4,916,434</u>	<u>1,278,195</u>
Expenditures				
Current:				
Services and supplies	\$ 3,506,183	\$ 3,506,183	\$ 798,104	\$ 2,708,079
Capital outlay	4,000,000	4,000,000	17,543	3,982,457
Total Expenditures	<u>7,506,183</u>	<u>7,506,183</u>	<u>815,647</u>	<u>6,690,536</u>
Net Change in Fund Balance	<u>\$ (3,867,944)</u>	<u>\$ (3,867,944)</u>	4,100,787	<u>\$ 7,968,731</u>
Budgetary Fund Balance - Beginning			<u>26,031,019</u>	
Budgetary Fund Balance - Ending			<u>30,131,806</u>	
Other financing sources and uses				
Operating transfers out			<u>(385,625)</u>	
GAAP Fund Balance			<u>\$ 29,746,181</u>	

See notes to required supplementary information.

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
San Bruno Creek Flood Control Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final	Budgetary Basis	
Revenues				
Property taxes	\$ 279,548	\$ 279,548	\$ 415,674	\$ 136,126
Interest and investment income (loss)	44,500	44,500	(5,826)	(50,326)
Total Revenues	<u>324,048</u>	<u>324,048</u>	<u>409,848</u>	<u>85,800</u>
Expenditures				
Current:				
Services and supplies	\$ 722,312	\$ 722,312	\$ 159,145	\$ 563,167
Total Expenditures	<u>722,312</u>	<u>722,312</u>	<u>159,145</u>	<u>563,167</u>
Net Change in Fund Balance	<u>\$ (398,264)</u>	<u>\$ (398,264)</u>	250,703	<u>\$ 648,967</u>
Budgetary Fund Balance - Beginning			<u>3,527,862</u>	
Budgetary Fund Balance - Ending			<u><u>\$ 3,778,565</u></u>	

See notes to required supplementary information.

SAN MATEO
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

1. BUDGETS, BUDGETARY PROCESS, AND ENCUMBRANCES

The District adopts an annual operating budget. Annual budgets are prepared using the modified accrual basis of accounting, which is consistent with the basis used to present the District's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

The annual budget is adopted by the Board of Directors. The District has the flexibility to expend funds based on operational needs as long as expenditures do not exceed the approved budget.

The District uses an encumbrance system to assist in controlling expenditures. Purchase orders, contracts, and other commitments for the expenditures of monies are recorded under this system in order to reserve applicable appropriations. Encumbrances outstanding at year-end are reported in assigned fund balance as they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District did not have outstanding encumbrances as of June 30, 2021.

2. EXPENDITURES LESS THAN BUDGET

The District had many areas of operations for the year ended June 30, 2021 where actual expenditures fell short of budgeted amounts. This is due primarily to the fact that the District was a new entity effective as of January 1, 2020 and some areas of operations did not increase at the pace originally anticipated when the budget was prepared prior to the COVID-19 pandemic. The District has initiated a number of capital projects which are expected to increase in activity in the coming years.

SUPPLEMENTARY INFORMATION

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	San Francisquito Creek Flood Control Fund	Ravenswood Slough Flood Control Zone Fund	San Mateo County Flood Control Zone Fund	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 1,127,917	\$ 454,427	\$ 15,905	\$ 1,598,249
Receivables				
Taxes receivable	5,380	263	-	5,643
Interest receivable	97	39	1	137
Total Assets	\$ 1,133,394	\$ 454,729	\$ 15,906	\$ 1,604,029
Liabilities				
Accounts payable	\$ 2,039	\$ 112	\$ 2	\$ 2,153
Fund Balances				
Assigned	1,131,355	454,617	15,904	1,601,876
Total Liabilities and Fund Balances	\$ 1,133,394	\$ 454,729	\$ 15,906	\$ 1,604,029

SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	San Francisquito Creek Flood Control Fund	Ravenswood Slough Flood Control Zone Fund	San Mateo County Flood Control Fund	Total Nonmajor Governmental Funds
Revenues				
Property tax	\$ 434,159	\$ 18,952	\$ -	\$ 453,111
Interest and investment income (loss)	(1,713)	(695)	(24)	(2,432)
Total Revenues	<u>432,446</u>	<u>18,257</u>	<u>(24)</u>	<u>450,679</u>
Expenditures				
Current:				
Services and supplies	<u>325,841</u>	<u>248</u>	<u>2</u>	<u>326,091</u>
Net Change in Fund Balances	106,605	18,009	(26)	124,588
Fund Balances - Beginning	<u>1,024,750</u>	<u>436,608</u>	<u>15,930</u>	<u>1,477,288</u>
Fund Balances - Ending	<u>\$ 1,131,355</u>	<u>\$ 454,617</u>	<u>\$ 15,904</u>	<u>\$ 1,601,876</u>

**SAN MATEO COUNTY
FLOOD AND SEA LEVEL RISE RESILIENCY DISTRICT
Schedule of Cities Support
For the Year Ended June 30, 2021**

City/ Agency	Year Ended June 30, 2021 Contributions
Atherton	\$ 25,000
Belmont	40,000
Brisbane	25,000
Burlingame	40,000
Colma	25,000
Daly City	55,000
East Palo Alto	40,000
Foster City	40,000
Half Moon Bay	25,000
Hillsborough	25,000
Menlo Park	40,000
Millbrae	40,000
Pacifica	40,000
Portola Valley	25,000
Redwood City	55,000
San Bruno	40,000
San Carlos	40,000
San Mateo	55,000
South San Francisco	55,000
Woodside	15,000
Total	<u>\$ 745,000</u>

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Directors
San Mateo County Flood and Sea Level Rise Resiliency District
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo County Flood and Sea Level Rise Resiliency District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 18, 2021

**San Mateo County Flood and Sea Level Rise Resiliency District
Agenda Report**

Date: December 13, 2021
To: San Mateo County Flood and Sea Level Rise Resiliency District Board of Directors
From: Len Materman, CEO
Subject: Approve the 2022 schedule of Regular meetings of the Board of Directors

Recommendation:

That the San Mateo County Flood and Sea Level Rise Resiliency District (District) Board of Directors (Board) approve the following schedule of Regular meetings for 2022:

January 24	February 28	March 28
April 25	May 23	June 27
July 25	August 22	September 26
October 24	November 14	December 12

All meetings are on Monday and scheduled to begin at 4:00 p.m.

Until further notice, all meetings will be held remotely by video and phone due to the COVID-19 pandemic. When, consistent with State and local guidelines, the Board determines that it is safe to conduct in-person meetings, meeting agendas will reflect that change and the location will likely be the meeting room on the first floor of the building housing District offices at 1700 S. El Camino Real in San Mateo, CA.

Background and Discussion:

The proposed calendar of Regular Board meetings for 2022 proposes to keep the same day of the week and start time as Board meetings in 2020 and 2021. One Regular meeting is proposed per month; however, should the need arise, a Special Meeting of the Board will be scheduled.

Impact on District Resources:

There is no fiscal impact associated with approving the Board’s 2022 Regular meeting schedule.

**San Mateo County Flood and Sea Level Rise Resiliency District
Agenda Report**

Date: December 13, 2021
To: San Mateo County Flood and Sea Level Rise Resiliency District Board of Directors
From: Len Materman, CEO
Subject: Receive an update regarding the Bayfront Canal and Atherton Channel Project, including change orders to the construction contract that were approved by the CEO

Recommendation

That the San Mateo County Flood and Sea Level Rise Resiliency District (“District”) Board of Directors (“Board”) receive an update on the Bayfront Canal and Atherton Channel Flood Protection Project (“Project”), including change orders to the construction contract approved by the Chief Executive Officer (“CEO”).

Background and Discussion

Since the commencement of construction in June of this year, I have provided brief verbal updates on the status of this Project at each of our Board meetings. Due to the substantial efforts of our construction contractor, construction management firm, and District Project Manager Colin Martorana, we anticipate meeting our aggressive schedule to hydraulically connect Bayfront Canal with the U.S. Fish & Wildlife Service managed ponds by December 31, 2021 and complete major construction activities by January 31, 2022.

In order to enable this Project to remain on schedule, at the June 28, 2021 Board meeting, the Board adopted Resolution 2021-06-28-B authorizing me to execute change orders totaling no more than \$200,000 above the not-to-exceed amount (\$6,864,983) of the previously-approved construction contract. Since that time, I have approved eight change orders -- five increased the cost of the construction contract, one decreased it, and two had no financial impact. The total cost of these change orders is \$78,266.55, which represents an increase of just over 1% to the original construction contract amount. These change orders are summarized in the following table.

CO	Description	Amount
1	Remove and replace the Cargill Transbay Pipeline in Stage 1	\$0.00
2	Identify newly discovered utilities and eliminate field office	\$0.00
3	Relocate Menlo Park water line	\$46,217.56
4	Protect discovered Silicon Valley Clean Water telecommunications line	\$4,806.56
5	Realign Cargill Transbay Pipeline in Stage 2 (Deductive)	– \$20,000.00
6	Enhance inlet structure erosion control	\$41,456.08
7	Add drainage holes to outlet structure wing walls	\$979.79
8	Protect discovered Menlo Park effluent pipe	\$4,806.56
	Total	\$78,266.55

During this agenda item, we will briefly summarize this information, as well as the status of construction. In the next few weeks, we anticipate receiving additional change order requests and will report on any that are approved at the next Regular Board meeting in January.

Impact on District Resources: There is no impact on District resources associated with this item. The funds provided by the Memorandum of Understanding among the District and the Project funding agencies approved by the Board on November 9, 2020 are expected to be sufficient to cover Project-related costs, including approved and anticipated change orders.

**San Mateo County Flood and Sea Level Rise Resiliency District
Agenda Report**

Date: December 13, 2021
To: San Mateo County Flood and Sea Level Rise Resiliency District Board of Directors
From: Len Materman, CEO
Subject: Discuss the status of and plan for the State budget appropriation to the District

Recommendation:

That the San Mateo County Flood and Sea Level Rise Resiliency District (“District”) Board of Directors (“Board”) receive an update on the status of the State budget appropriation to the District and provide input on the proposed plan for these funds.

Background and Discussion:

In September, Governor Gavin Newsom signed Senate Bill 170, which amended the Budget Act of 2021 in many areas. Perhaps most significantly, it included billions of dollars for efforts around the state to build climate resilience. Within that bill was a direct appropriation of \$8 million to the District, which was championed by Assembly Speaker pro Tem Kevin Mullin, who also authored the legislation in 2019 (Assembly Bill 825) that established the District on January 1, 2020 as the first independent government agency focused on climate change in California.

This State appropriation to the District will be administered by the State Coastal Conservancy (SCC), and, unless it is extended, funds must be spent by March 2024. Thus, over the past two months, District Associate Project Manager Makena Wong and SCC staff have worked hard to complete the documentation required for SCC Board approval as soon as possible -- the next SCC Board meeting takes place on February 3, 2022. At the January 2022 meeting of the District Board, I plan to seek Board approval of a resolution authorizing me to execute the documents related to this grant.

Based on the intentions of Mr. Mullin in securing this funding for the District, and the needs of the District over the next two years, particularly in regards to operations, I propose to use these funds to support:

1. The multi-jurisdictional sea level rise protection project along the Bay shoreline of Burlingame and Millbrae (connected to San Francisco International Airport);
2. Regional planning and coordination led by the District throughout San Mateo County; and
3. Indirect costs associated with the two efforts listed above.

At this Board meeting, I will outline the proposed specific budget amounts and tasks related to these three items, and request feedback from the Board. This feedback will inform our efforts with SCC staff to develop the District’s Work Plan for these funds, which will be executed following the anticipated approval of our grant by the SCC Board in early February.

Attachment: None

**San Mateo County Flood and Sea Level Rise Resiliency District
Agenda Report**

Date: December 13, 2021
To: San Mateo County Flood and Sea Level Rise Resiliency District Board of Directors
From: Len Materman, CEO
Subject: The new City of Burlingame Zoning Ordinance section with requirements related to sea level rise

Recommendation:

That the San Mateo County Flood and Sea Level Rise Resiliency District (“District”) Board of Directors (“Board”) receive the City of Burlingame Zoning Ordinance (“Zoning Ordinance”) section that includes requirements related to sea level rise and future flooding conditions, adopted by the City Council on December 6, 2021.

Background and Discussion:

As discussed at recent District Board meetings, over the past several months District staff have worked closely with staff from the City of Burlingame to incorporate sea level rise considerations into the City’s rewrite of its Zoning Ordinance, with the objective of protecting people, property, and public infrastructure from the future conditions brought by climate change.

On December 6, the Burlingame City Council voted to adopt the Zoning Ordinance, which covers areas and issues beyond those related to the District. Attached is Section 25.12.050 of the Zoning Ordinance, which is focused on areas impacted by sea level rise. This Section includes performance standards; minimum buffer zones along San Francisco Bay and shoreline area creeks; requirements related to data collection, maintenance, stormwater drainage, and real estate disclosures; and a “Map of Future Conditions” detailing elevation standards for the first floor of new developments, and elevation standards and trail requirements for shoreline protection infrastructure. Significantly, it requires private developments to be part of the solution to the transformative challenge of sea level rise.

This new zoning ordinance is the first of its kind in the Bay Area, and we are working with other cities in San Mateo County to similarly incorporate future climate-driven conditions into the City documents that guide the approval of development and infrastructure projects. The rationale behind this effort is simple: these projects are intended to function for decades, during which time the impacts of climate change will grow, and thus these projects should be planned and designed to function under foreseeable future conditions. Building climate resilience now will avoid the much more difficult and costly effort to retrofit developments and infrastructure later. I will continue to update the Board on our progress with other cities within the county.

Attachment: Section 25.12.050 of the City of Burlingame Zoning Ordinance, adopted December 6, 2021



BURLINGAME ZONING ORDINANCE

“Burlingame Municipal Code Title 25”

City of Burlingame
501 Primrose Road
Burlingame, CA 94010

December 6, 2021

25.12.050 – Public Access, Flood and Sea Level Rise Performance Guidelines

- A. Performance Standards – Variations.** Development shall conform to the standards outlined in this section. Unless otherwise stated below, the Planning Commission shall have the authority to allow variations to particular standards in this section in order to encourage sound site planning and development practices, provided any such variation shall meet the overall intent of the particular standard and remain consistent with the General Plan.
- B. City of Burlingame Map of Future Conditions.** The City of Burlingame Map of Future Conditions (Map) was adopted by the City Council to provide community resilience to sea level rise and storms. The Map may be revised by the City Council based on updates to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), sea level rise science, monitoring results, and shoreline and creek conditions. All proposals for new construction shall be based on the Map currently in effect at the time a complete project application is submitted (Application Date).
- C. Bay Access – Buffer Zones.** Buffer zones extending 100 feet inland from the San Francisco Bay Shoreline are intended to provide an area to accommodate and maintain built and natural shoreline infrastructure for sea level rise protection, environmental enhancement, and public access trails. For the purposes of this Section 25.12.050, the San Francisco Bay Shoreline (Shoreline) is defined by California Code of Regulations §10121, which describes the jurisdiction of the Bay Conservation and Development Commission (BCDC) within a 100-foot “Shoreline Band.” Building encroachments may be accommodated within the 100-foot buffer zones provided that the City determines that such encroachments do not inhibit a planned infrastructure project of the City and San Mateo County Flood and Sea Level Rise Resiliency District (District) as of the Application Date. Project applicants shall coordinate with staff of the City and District to obtain the most current design standards for the planned infrastructure project. Buffer zones shall be developed and maintained based on the applicable water frontage and BCDC’s public access guidelines and as follows:
- 1. On San Francisco Bay.** A minimum buffer zone of 100 feet from the Shoreline within which the shoreline infrastructure will be built. The top of this infrastructure must include a trail consistent with guidelines of the San Francisco Bay Trail Project and, unless otherwise directed by BCDC, the inboard (opposite the Bay) edge of that trail shall be located an average of 75 feet from the Shoreline.
 - 2. On Anza Lagoon, Bay Front Channel, and Burlingame Lagoon.** A minimum buffer zone of 100 feet from the Shoreline within which the shoreline infrastructure will be built. The top of this infrastructure must include a trail consistent with guidelines of the San Francisco Bay Trail Project.
- D. Bay Access – Public Access.** Public access shall be maintained and developed within the Shoreline buffer zones based on the City-adopted and Bay Conservation and Development Commission-approved public access guidelines.
- E. Bay Access – Trail Connectivity.** Unless it is demonstrated to the satisfaction of City staff that no feasible alternative exists, any property with frontage on the Shoreline within the jurisdiction of the BCDC shall be required to provide, as a part of the on-site landscaping plan and Shoreline infrastructure, connectivity improvements by constructing a new or improved portion of the Bay Trail along the site, including improving access to the Bay Trail from and through the site. The trail shall be compliant with specifications of the City Public Works Department, BCDC, and San Francisco Bay Trail Program. Each such trail segment shall connect directly to the trail segment of adjacent properties.
- F. Bay Access – Maintenance.** All areas improved for public access within the jurisdiction of BCDC shall be maintained by the property owner and shall be available to the public in perpetuity, as determined by the BCDC.

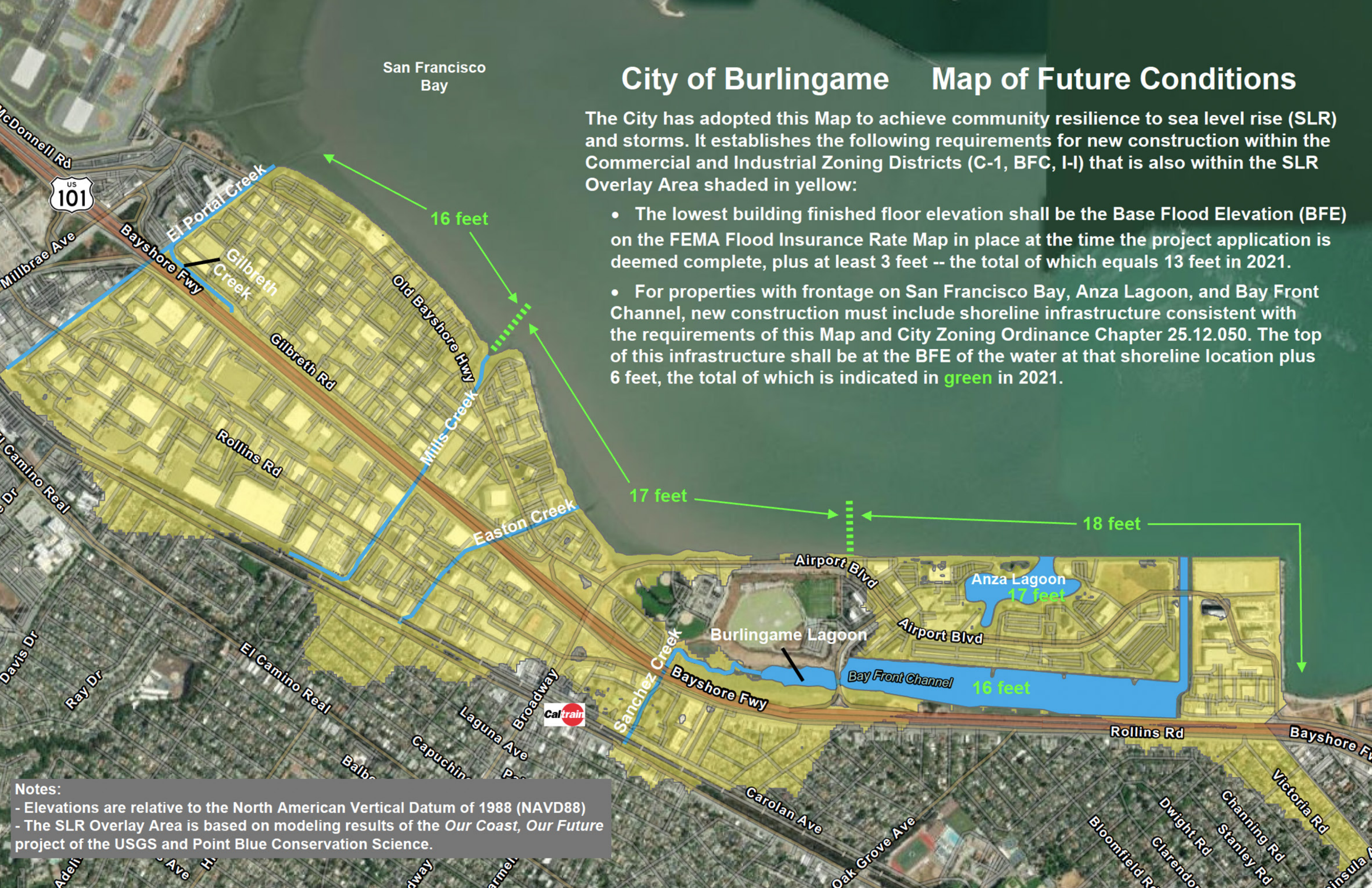
- G. Creek Access – Buffer Zones.** Buffer zones measured from the top of creek bank are intended to provide an area to accommodate and maintain flood protection and public access trail infrastructure. For properties with frontage on Sanchez Creek, Easton Creek, Mills Creek, Gilbreth Creek, and El Portal Creek, a minimum buffer zone of 35 feet from the top of creek bank is required to accommodate and maintain future infrastructure and a public access trail. Building encroachments may be accommodated within the buffer zones provided that the City determines that such encroachments do not inhibit planned infrastructure projects of the City and District as of the Application Date.
- H. Creek Access – Trail Connectivity.** Unless it is demonstrated to the satisfaction of City staff that no feasible alternative exists, any property with frontage on Sanchez, Easton, Mills, Gilbreth, and El Portal Creeks shall be required to provide, as a part of the on-site landscaping plan, a paved public-access trail along the top of the bank for the portion of the creek bank on the site. The trail shall be compliant with specifications of the City Public Works Department and BCDC, if applicable. Each such trail segment shall connect directly to the termination of the public access trail segment along the Shoreline (e.g., the Bay Trail) or the creek bank on each adjacent property.
- I. Flood Protection and Sea Level Rise Resilience – Building Elevations and Shoreline Infrastructure.** For all properties within the Sea Level Rise Overlay Area indicated on the City’s Map of Future Conditions current as of the Application Date, the first floor of new buildings must be elevated in conformance with this Map. For properties that are also with frontage on San Francisco Bay, Anza Lagoon, Bay Front Channel, and Burlingame Lagoon, new construction requiring discretionary review must include shoreline infrastructure that meets the requirements included in this Map. All required elevations shall be certified by a professional land surveyor.
- J. Flood Protection and Sea Level Rise Resilience – Determination of Compliance.** Prior to issuance of a Building Permit, a registered professional engineer retained by the applicant shall certify that the design, specifications, and plans for the construction of Shoreline infrastructure are in accordance with the requirements in Chapter 25.12.050.E, Chapter 25.12.050.I, and FEMA guidance and the Code of Federal Regulations (CFR) related to the mapping of areas protected by levee systems in place as of the Application Date. An applicant’s proposal that meets the requirements in Chapter 25.12.050.E, Chapter 25.12.050.I, and the CFR, but is not consistent with the planned infrastructure project of the City and District, shall be permitted if the proposal is demonstrated to be a less or equally environmentally impactful practical alternative (including environmentally-beneficial features such as listed species habitat, marsh, open space, etc.).
- K. Flood Protection and Sea Level Rise Resilience – Data Collection.** Applicant shall submit two topographic surveys of the property, such as a LiDAR or field survey, prepared by a licensed professional land surveyor: one within 12 months of the Application Date and prior to construction, and one within 12 months of project completion. Such survey shall be at the landowner or applicant’s expense and shall be conducted in consultation with City staff to be approved as compliant with City survey standards.
- L. Flood Protection and Sea Level Rise Resilience – Maintenance.** As a condition of project approval, the applicant shall execute an agreement with the City identifying the landowner’s ongoing maintenance obligations for the shoreline infrastructure approved as part of a development.
- M. Flood Protection and Sea Level Rise Resilience – Stormwater Drainage.** One hundred percent (100%) of the drainage from impervious surfaces on the site shall be captured and retained on site with sufficient storage to keep the first 1.25 inches of rainwater from an individual rain event on site without discharging onto neighboring properties or rights-of-way unless a regional stormwater management system is available to serve the development and the specific discharges from the site into the system have been approved by the City Public Works Department.

- N. Flood Protection and Sea Level Rise Resilience – Real Estate Disclosure of Hazards.** In any contract for the sale of real estate located in the Sea Level Rise Overlay Area indicated on the current Map of Future Conditions adopted by the City of Burlingame, the seller shall include in the contract a real estate disclosure of all hazards associated with anticipated sea level rise, geologic hazards, groundwater inundation, or coastal and fluvial flooding. Any site-specific analyses related to sea level rise must also be disclosed in real estate transactions.

City of Burlingame Map of Future Conditions

The City has adopted this Map to achieve community resilience to sea level rise (SLR) and storms. It establishes the following requirements for new construction within the Commercial and Industrial Zoning Districts (C-1, BFC, I-I) that is also within the SLR Overlay Area shaded in yellow:

- The lowest building finished floor elevation shall be the Base Flood Elevation (BFE) on the FEMA Flood Insurance Rate Map in place at the time the project application is deemed complete, plus at least 3 feet -- the total of which equals 13 feet in 2021.
- For properties with frontage on San Francisco Bay, Anza Lagoon, and Bay Front Channel, new construction must include shoreline infrastructure consistent with the requirements of this Map and City Zoning Ordinance Chapter 25.12.050. The top of this infrastructure shall be at the BFE of the water at that shoreline location plus 6 feet, the total of which is indicated in green in 2021.



Notes:
 - Elevations are relative to the North American Vertical Datum of 1988 (NAVD88)
 - The SLR Overlay Area is based on modeling results of the *Our Coast, Our Future* project of the USGS and Point Blue Conservation Science.